

社会開発調査部報告書

No. 52

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)  
MINISTRY OF INFRASTRUCTURE DEVELOPMENT  
MONGOLIA

THE MASTER PLAN ON NATIONAL TOURISM DEVELOPMENT IN

MONGOLIA

FINAL REPORT

Volume II  
Master Plan

JULY 1999

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MONGOLIA**

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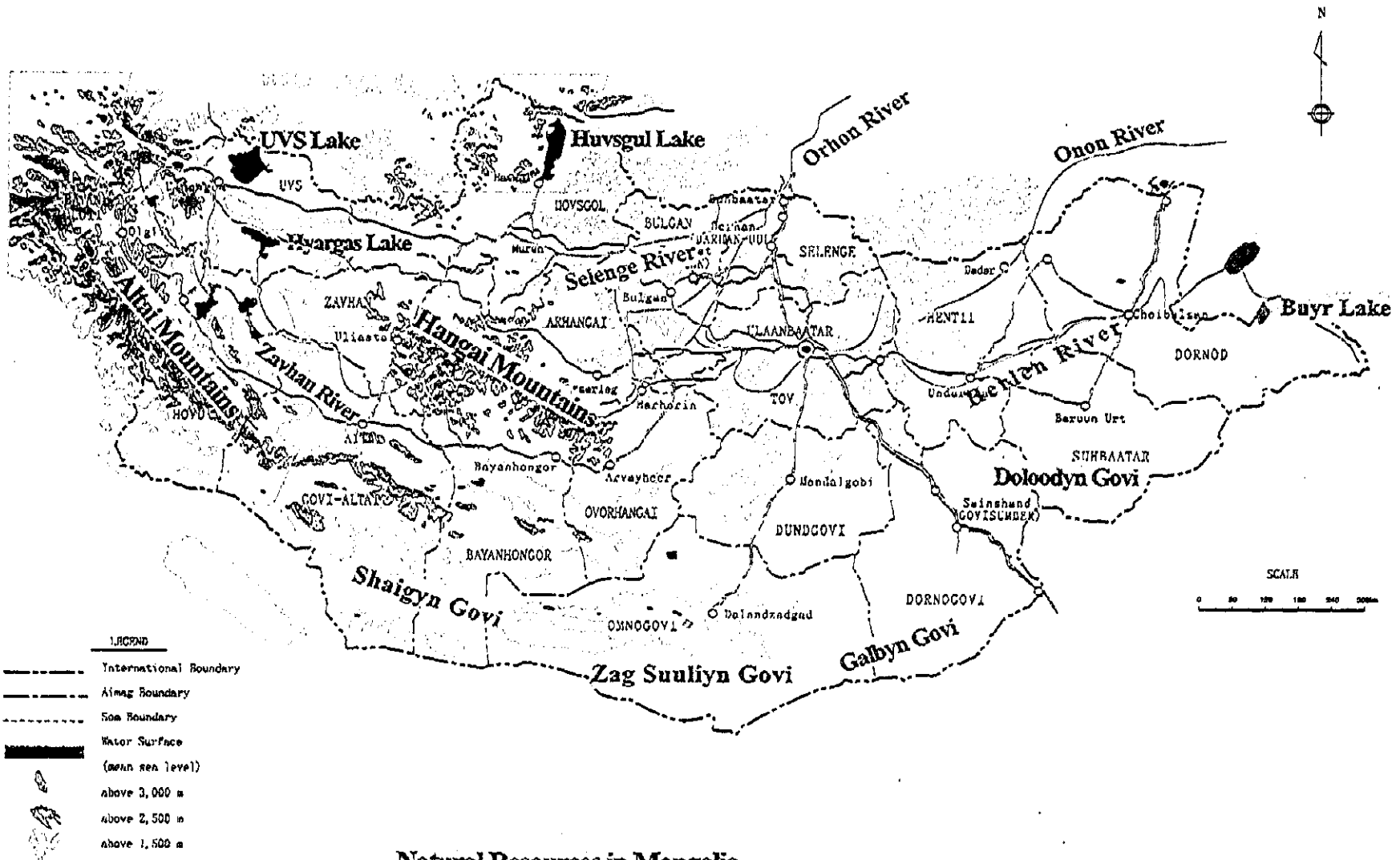
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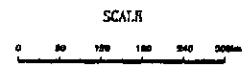
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- 1:1,000,000
- International Boundary
  - Aimag Boundary
  - 50m Boundary
  - Water Surface  
(mean sea level)
  - above 3,000 m
  - above 2,500 m
  - above 1,500 m



Natural Resources in Mongolia



**The Master Plan  
on  
National Tourism Development  
in  
Mongolia  
  
Final Report**

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## **ABBREVIATIONS**

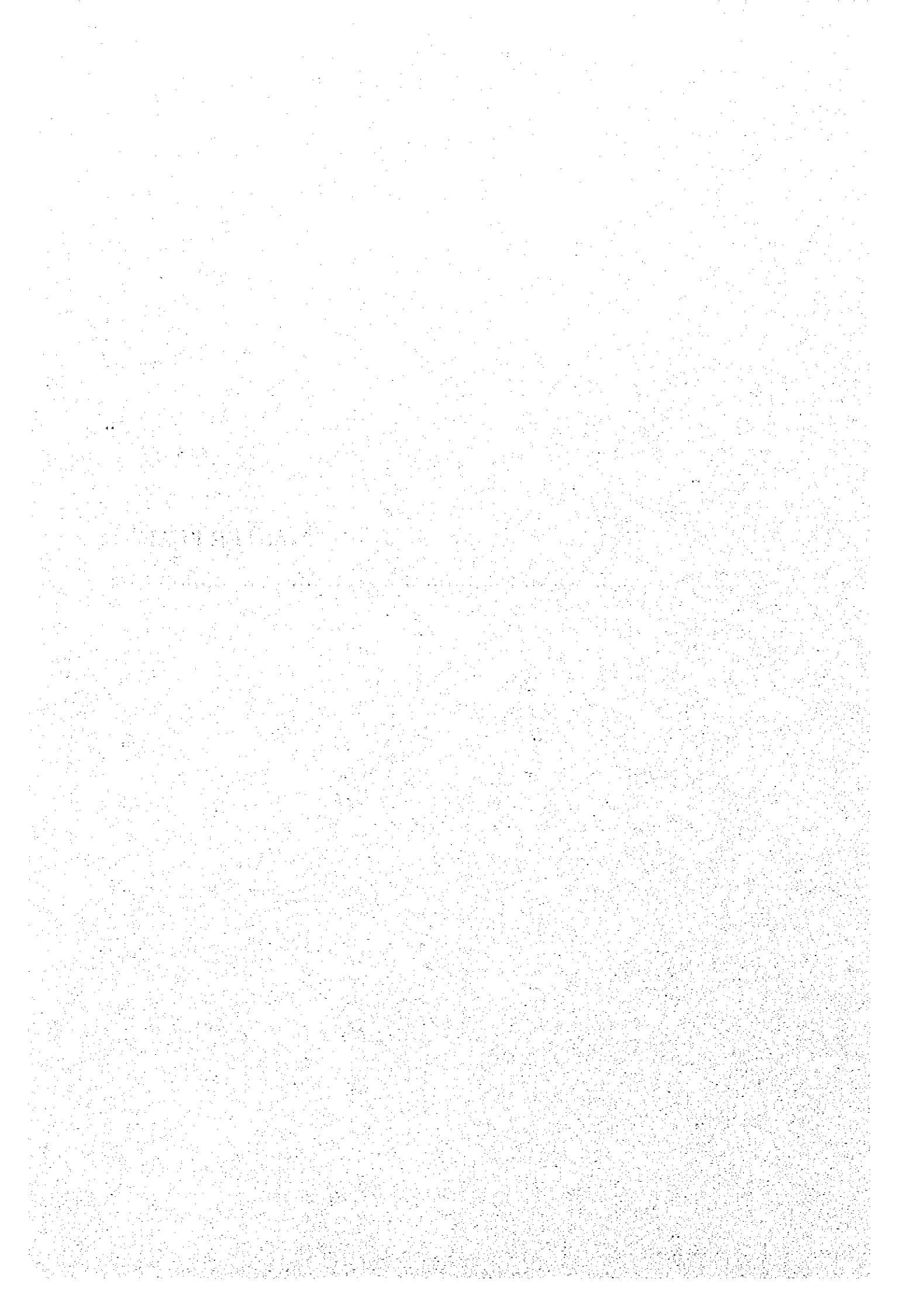
<b>AAGR</b>	<b>Average Annual Growth Rate</b>
<b>ADB</b>	<b>Asian Development Bank</b>
<b>ALS</b>	<b>Average Length of Stay</b>
<b>ASTA</b>	<b>American Society of Travel Agents</b>
<b>BFI</b>	<b>Board of Foreign Investment</b>
<b>BOT</b>	<b>Build Operate Transfer</b>
<b>CATV</b>	<b>Cable TV</b>
<b>CES</b>	<b>Central Energy System</b>
<b>DANIDA</b>	<b>Danish International Development Agency</b>
<b>DOT</b>	<b>Department of Tourism</b>
<b>FDI</b>	<b>Foreign Direct Investment</b>
<b>EIA</b>	<b>Environmental Impact Assessment</b>
<b>ESCAP</b>	<b>Economic and Social Commission for Asia and the Pacific</b>
<b>EU</b>	<b>European Union</b>
<b>FC</b>	<b>Foreign Currency</b>
<b>GDP</b>	<b>Gross Domestic Products</b>
<b>GNP</b>	<b>Gross National Products</b>
<b>GTZ</b>	<b>Deutsche Gesellschaft fuer Technische Zusammenarbaeit (German Agency for Technical Co-operation)</b>
<b>ICAO</b>	<b>International Civil Aviation Organization</b>
<b>IDD</b>	<b>International Direct Dialing</b>
<b>IEE</b>	<b>Initial Environmental Examination</b>
<b>IMF</b>	<b>International Monetary Fund</b>
<b>ITDIJ</b>	<b>International Tourism Development Institute of Japan</b>
<b>ITB</b>	<b>International Tourismus-Boerse (Berlin)</b>
<b>JICA</b>	<b>Japan International Co-operation Agency</b>
<b>JES</b>	<b>Japan Euro-Asia Service</b>
<b>JTB</b>	<b>Japan Travel Bureau</b>
<b>JATA</b>	<b>Japan Association of Travel Agents</b>
<b>JNTO</b>	<b>Japan National Tourist Organization</b>
<b>LC</b>	<b>Local Currency</b>
<b>LEIAC</b>	<b>Licensed Environmental Impact Assessment Company</b>
<b>LG</b>	<b>Local Government</b>
<b>MIAT</b>	<b>Mongolian Airlines</b>
<b>MID</b>	<b>Ministry of Infrastructure Development</b>
<b>MNE</b>	<b>Ministry of Nature and Environment</b>
<b>MOTA</b>	<b>Mongolian Organization of Travel Agents</b>
<b>MCCI</b>	<b>Mongolian Chamber of Commerce and Industry</b>
<b>MTA</b>	<b>Mongolian Tourism Association</b>
<b>NTA</b>	<b>National Tourism Agency</b>
<b>NTAs</b>	<b>National Tourism Administration</b>
<b>NTC</b>	<b>National Tourism Center</b>
<b>NTO</b>	<b>National Tourism Organization</b>
<b>NCP</b>	<b>National Conservation Parks</b>

<b>NGO</b>	<b>Non Government Organization</b>
<b>OM</b>	<b>Operation and Maintenance</b>
<b>PA</b>	<b>Protected Area</b>
<b>PAA</b>	<b>Protected Area Administration</b>
<b>PAB</b>	<b>Protected Area Bureau</b>
<b>PATA</b>	<b>Pacific Asia Travel Association</b>
<b>SC</b>	<b>Steering Committee</b>
<b>SPA</b>	<b>Strictly Protected Area</b>
<b>SIT</b>	<b>Special Interest Tour</b>
<b>TACIS</b>	<b>Technical Assistance to the Commonwealth of Independents States</b>
<b>TCIA</b>	<b>Turkish International Cooperation Agency</b>
<b>TD</b>	<b>Tourism Department</b>
<b>TOG</b>	<b>Togrog</b>
<b>UB</b>	<b>Ulaanbaatar</b>
<b>UNDP</b>	<b>United Nations Development Program</b>
<b>WTM</b>	<b>World Tourism Market (London)</b>
<b>WTO</b>	<b>World Tourism Organization</b>
<b>WWF</b>	<b>World Wide Fund for Nature</b>

## **PART II**

### **MASTER PLAN**





## **11. NATIONAL TOURISM DEVELOPMENT OBJECTIVE AND STRATEGY**

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### **11.1 National Objectives of Tourism Development**

The Government Resolution No.167 issued on September 11, 1995 states quite clearly that the objective of developing tourism in Mongolia is to contribute to the development of the Mongolian economy under market conditions. The resolution further states that the contributions made by the tourism developmental sector are:

- to increase the Gross Domestic Product;
- to increase foreign exchange earnings;
- to create new job opportunities;
- to increase tax revenue of the government; and
- to increase the level of investment,

while making sure that the development is sustainable.

## **11.2 Overall Development Strategy**

The following strategies were derived as logical consequence of the results of the preceding SWOT analysis in order to achieve the stated objectives adopted by the government:

### **1) Market the Unique Combination of Land and People**

The most valuable asset of Mongolia through the eyes of international tourists should be defined as a unique combination of land and people. All efforts for tourism development should be done with this concept in mind. The general perception of Mongolian tourism in the source markets has already been established in this direction without significant effort from Mongolia, but further efforts should be made to consolidate Mongolia's position in the world market.

### **2) Protect and Promote the Image of Unspoiled Nature**

Efforts should constantly be made to preserve the image of unspoiled nature.. This will necessarily involve many governmental agencies and can not be done by the Tourism Department alone. However, the Department should work with other concerned agencies in order to maintain suitable environmental conditions for tourism.

### **3) Strengthen and Promote Culture Tourism**

The broadening of activity choices would not only widen the customer base but also increase tourism income and job opportunities. In Mongolia today, the most promising area of expansion is cultural tourism. Successfully restored and better presented cultural resources, combined with the main tourism assets of Mongolia, would enhance tourist satisfaction, inspiring them to spend more time and money, therefore resulting in enlarging the tourism sector.

### **4) Provision of Facilities and Activities Supporting the Above Objectives**

Facilities and activities need to be provided with a focus on supporting the implementation of the above three strategies such as marketing programs, offices, and environmental protection measures and facilities. Improvements made regarding facilities in the museums and monuments sites are also necessary.

### **5) Develop Human Resources**

An increase in the number of skilled workers in the tourism sector are needed, both in the government sector as well as in the private sector. In the public sector, trained personnel are needed for better sector management in the areas of environmental management planning and national marketing. In the private sector, workers should be trained to offer higher quality service in hotels, ger camps, and in restaurants and other commercial establishments. Investment planning is another area needing trained personnel.

### **6) Improve Infrastructure**

Visible improvements in air services, international and domestic, should be a top priority if tourism in Mongolia is to grow. Other infrastructures should also be improved such as toilets and rest areas for tourists. The Tourism Department should act as an effective advocate of the tourism sector in exerting continuous pressure on line agencies responsible for infrastructure.



## **7) Improve Services**

Quality of services in the tourism sector should be improved to a level competitive in the world market. Probably the fastest way is to place the sector in competition with the world level services in Mongolia so that concerned persons are faced with what it takes to be competitive in the world market on daily basis. Introduction of world class establishments is desirable.

### 11.3 Area Priority

Based on the evaluation results of tourism resources, tourism areas were evaluated as shown in table 11.3.1 taking in the consideration of the developmental objectives and strategies of Mongolian tourism. UB, Harhorin, and OmnoGovi are ranked first, and Hovsgol, western part (especially Olgii), Hentii (Dadal, Delgerhaan), and Dornogovi are ranked second. Other tourist destinations such as Bayanhongor, Shilinbogd, Dornod, Darhan, Govi-Altai, and Zavhan are ranked lower. A summary of the evaluation of the tourist destinations is evaluated below.

**Table 11.3.1 Evaluation of Tourist Destination**

		Market recognition	Tourism resources	Potential of tourism resources	Tourism facility (accommodation, restaurant, etc.)	Infra-structure	Overall Evaluation (degree)
1	UB & vicinity	OO	Δ	Δ	○	○	A
2	Harhorin	OO	Δ	○	○ger camp	×	A
3	OmnoGovi	○	○	OO	○ger camp	×	A
4	Hovsgol	Δ	○	○	Δ	×	B
5	Hentii(Dadal, Delgerhaan)	Δ	Δ	○	Δ	×	B
6	Western part (Olgii, Hovd, UVS)	×	×	OO	×	×	B
7	Dornogovi	×	×	○	×	○(rail)	B
8	Bayanhongor	×	×	○	×	×	C
9	Menen & Buyr, Dornod	×	×	○	×	×	C
10	Shilinbogd, Suhbaatar	×	×	Δ	×	×	C
11	Bulgan, Selenge	×	×	○	×	×	C
12	Govi-Altai	×	×	Δ	×	×	C
13	Zavhan	×	×	Δ	×	×	C

Note : OOexcellent ○good Δpoor ×bad

The detailed evaluation by the tourism destinations is presented in Appendix.

## **11.4 Staged Development**

Considering the present situation of the Mongolian tourism (refer to Figure 11.4.1), the direction of the Mongolian international tourism development is proposed as follows.

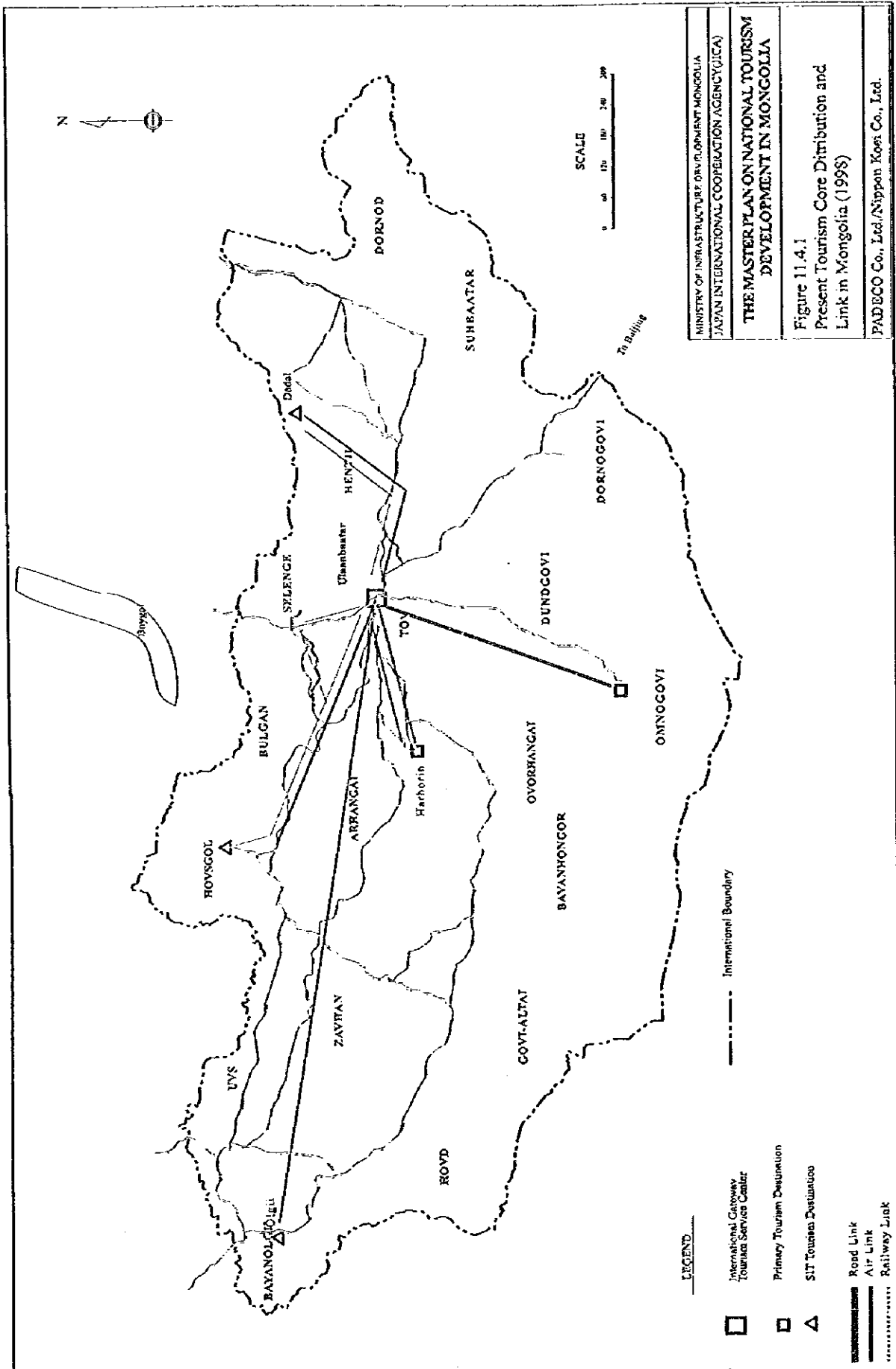
### **11.4.1 Development Direction for the Short Term (2005)**

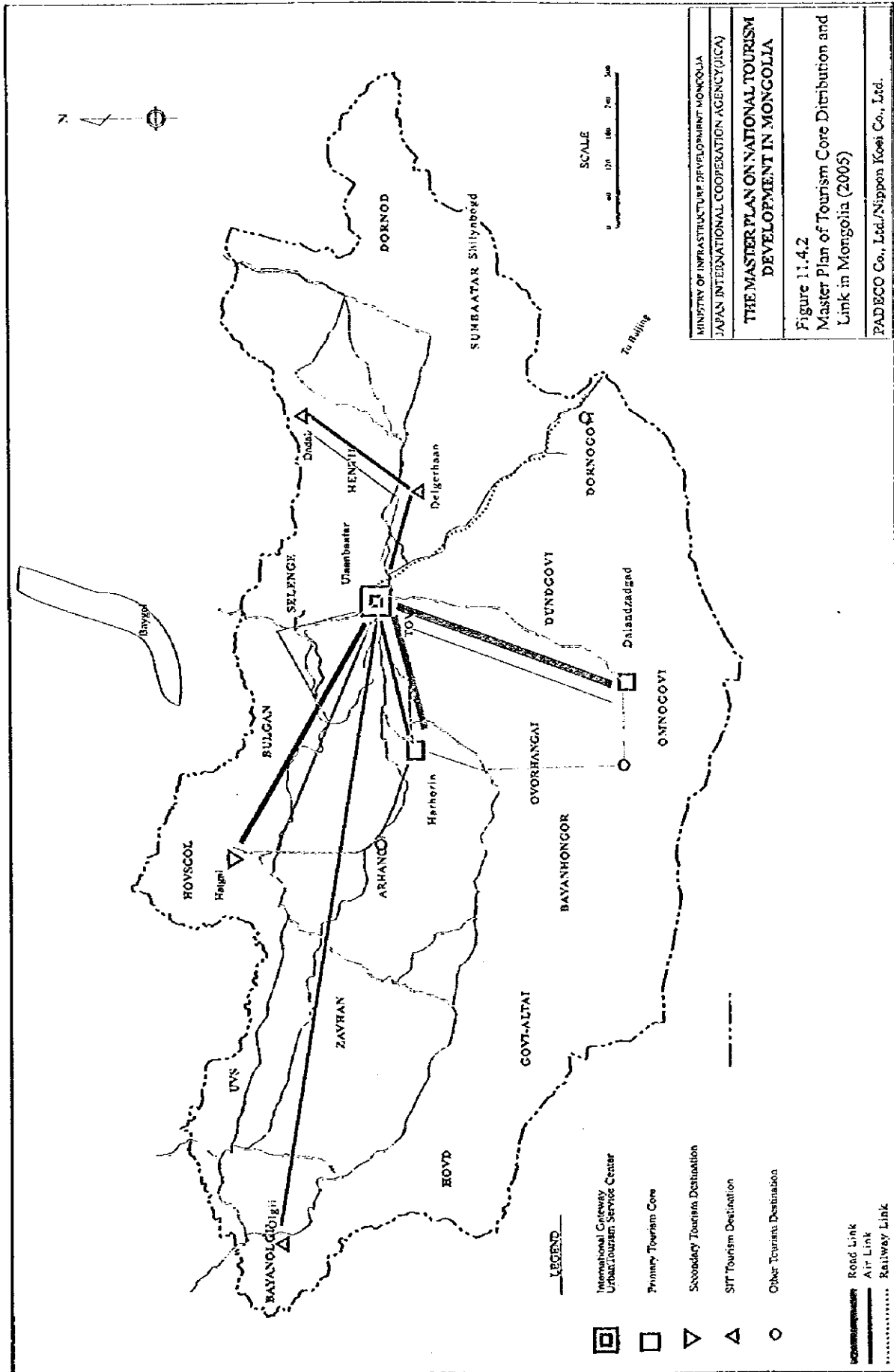
- In the short term, three major destinations, UB, Harhorin, and Omnogovi, should be enhanced by means of the intensive allocation of limited finance and manpower.
- Hub-and-spoke type transport system should be superposed by the circuit type transport systems. The central route connecting with three major destinations, UB, Harhorin, and Omnogovi, the western route connecting with Hovsgol and Harhorin and UB, the eastern route connecting with Delgerhaan, Dadal in Hentii area are conceivable in the short term as illustrated in Figure 11.4.2.
- The upgrading and improvement of transportation and telecommunication infrastructures/facilities, proper preservation and utilization of historical ruins and relics for tourism, restoration and enlargement of various museums, training and education of human resources engaged in the tourism industry including natural park rangers, etc., should be among priority projects to be implemented for the short term.

### **11.4.2 Development Direction for the Long Term**

- In the long term, three major destinations, UB, Harhorin, and Omnogovi, should be accelerated by means of strengthening the development of the infrastructure, tourism facilities and the strategic incentive scheme. In addition, the secondary tourism core such as Hovsgol and Olgii (Olgii, Ulaangom, Hovd), and SIT tourism core such as Hentii (Delgerhaan, Dadal), Arhangai (Horgo) and Dornogovi should be developed on a long-term basis. Moreover, the development of other tourism destinations such as Zavhan, Govi-Altai, Bayanhongor, Suhbaatar and Dornod are conceivable as the international tourism destination in the long term.
- To accelerate the tourism investment in the secondary tourism core, SIT tourism core, and other tourism destinations as mentioned above, a strategic incentive scheme is conceivable to be applied for the foreign firms investing in these areas.
- The central route connecting with three major destinations, UB, Harhorin, and Omnogovi, the western route connecting with Hovegol and Olgii and other western areas, and the eastern route connecting with Delgerhaan, Dadal in the Hentii area should be accelerated for development in order to deal with the increase of tourism demands in the long term as illustrated in Figure 11.4.3.
- The upgrading and improvement of transportation and telecommunications infrastructures/facilities, proper preservation and utilization of historical ruins and relics for tourism, restoration, etc., should be among the secondary tourism core, SIT tourism core, and other tourism destinations to be implemented for the long term.

Phased development by area is illustrated in Figure 11.4.4.





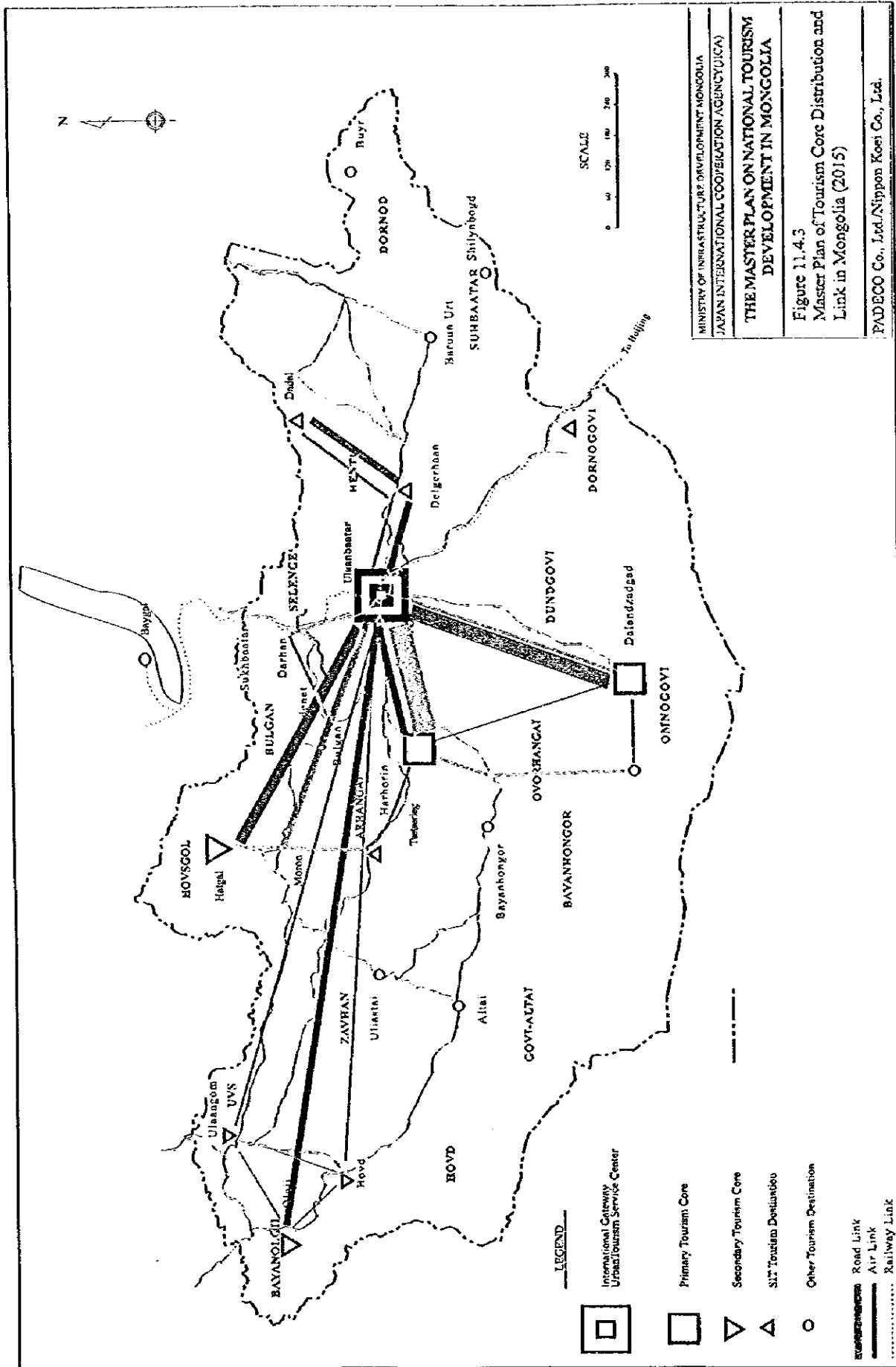


Figure 11.4.4 Proposed Phases of Development Project

	1999	2005	2015	Beyond 2015
	Short term	Long term		
UB	→	→	→	
Harhorin	→	→	→	
Omonogovi	→	→	→	
Hovsgol	→	→	→	
Hentii	→	→	→	
Dorno Govi	→	→	→	
Olgii	→	→	→	
Hovd, Uvs	→	→	→	
Dornod				→
Bayanhongor				→
Suhbaatar				→
Zavhan				→
Govi Altai				→
Route on UB, Harhorin, Omonogovi	→	→	→	
Route on Hovsgol, Harhorin area	→	→	→	
Route on Western Part (Olgii, Hovd, Uvs)	→	→	→	

Source: JICA Study Team





## **12. DEMAND PROJECTIONS**

### **12.1 Tourist Growth by Source Market**

#### **12.1.1 Projections**

In this section, reasonably attainable targets are presented for the number of tourists to Mongolia and the number of tourist-nights for the period to 2015. These targets have been developed on the basis of the following considerations:

- The travel trade's assessment of the potential and constraints relating to tourism to Mongolia
- An appraisal of general market trends, characteristics and economic conditions of generating source markets in the main tourist generating countries, particularly with regard to the Japan, the USA, Germany, UK, France, Russia Federation, China; and
- Comparison with Nepal, a SIT destination of the similar tourist appeal and characteristics.

#### **1) Major Generating Market Source Trends, Characteristics and Economic Situation**

##### **(1) Japanese Market:**

Japan is one of the fastest growing overseas travel markets in the world. From a total of 8.4 million overseas trips in 1989 the number has doubled to 16.8 million in 1997. The Japanese Government, in an attempt to reduce its large balance of payment, surplus has a stated objective of increasing the number of overseas trips.

Although the number of Japanese visitors to long haul destinations is increasing, current travel patterns show that traditional destinations in the Asia/Pacific region are absorbing much of the increase in Japanese overseas travel. In 1996, the regional breakdown was Asia 73.6 percent, North America 9.7 percent, Europe 14.0 percent, and Oceanic 6.2 percent.

The average length of overseas trips has been stable at 7.8 days, but, within this average, more than half of all overseas trips last five days or less and are almost entirely of a sole-destination nature. In Asian destinations, neighboring China, Taiwan, Hong Kong and South Korea hold dominant shares, followed by Southeast Asian countries (Singapore, Thailand, Indonesia and Malaysia). The most popular destinations overall, however, continue to be Hawaii and Australia, followed by major European destinations (France, Italy, Switzerland, etc.), the proof of which is reflected in the very high share of mid- and long-haul destinations in the Japanese market; Europe (14.0 percent), North America (9.7 percent) and Oceania (6.2 percent), compared to the small share of long-haul destinations (Asia/Pacific) in the European markets (Germany 2.2 percent, France 4.7 percent and UK 6 percent).

As a basis for indicating the future growth potential of the Japanese overseas travel market, the breakdown of main socio-demographic groups is as follows:

- University students
- Young and single working women
- "Salaried" men
- "Silver" market: those aged 50 or over comprise a significant component of the Japanese travel market. The 65 + age group already comprises 14.5 percent of the population and is growing rapidly. This segment often travels, in special interest or association groups, and is comprised of 60 percent males.

Based on the above areas of potential market, the "silver" market together with the young Japanese has become prime targets for Japan's travel industry. Despite evidence from lifestyle surveys that indicate a growing preference for leisure over work, those in the economically active age groups are still less likely to travel than those at the extremes of the age spectrum. Therefore, in the short term, the growth areas in the overseas travel market are expected to be concentrated around two broad market segments: the under 30s market and the "silver" market.

Given the position of Mongolia in the Japanese market endowed with its distinct advantages of short access and well-established destination image, the volume of leisure tourists that Mongolia now receives (only about 10,000 in 1997) is totally disproportionate to the huge Japanese market size (in 1997 figures, some 17 million departures overseas; 1.5 million arrivals each to Korea and China). Mongolia will not become a mass-market, general interest destination comparable to Korea and China because of the lack of distinct world-class tourist resources and the lack of variety in available resources. However, Mongolia no doubt will have an opportunity to evolve from the current SIT destination of a very small and limited market base to a mixed interest destination that appeals to a much larger market base.

### (2) Economic Conditions of Japan:

Japan has been going through a deflationary restructuring process since 1995; its corporate profits are low, the yen has been weak for over a two year period, and it does not have the financial strength to "bail out" the rest of the region because its financial sector has been overextended in loans to other countries in the region as well as in the domestic market. As a reflection on the recent economic situation in Japan, a poll of economists has shown forecasts of GDP and unemployment rates in 1998 and 1999 as follows:

	The Economist poll GDP forecasts		Unemployment % rate	
	1998	1999	Latest	year ago
Japan	-1.4	+0.5	4.3	3.4

Source: Far Eastern Economic Review

This economic situation in Japan has a harmful influence on overseas travelers from Japan. However the economic situation in Japan will improve within a few years as long as reasonable measures to remedy the economic condition are taken. This economic situation has already affected the number of outbound travelers in the mass market, as overseas travelers in 1998 decreased over the previous year, but the influence on the SIT market is considered to be small.

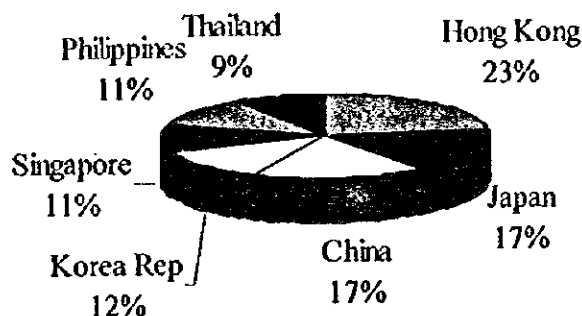
### (3) United States Market:

The US is one of the world's largest and most active travel markets. In 1996 some 64 million people traveled overseas. Two thirds of international travel, however, is accounted for by visits to adjacent Canada and Mexico.

Nevertheless, the US offers great potential as a market for newly emerging destinations throughout the world. Between 1992 and 1996, US travel overseas grew by 4.5 percent, with much of this growth occurring outside of the traditional destinations of Canada, Mexico and Europe. Significant growth has occurred in travel to the Asia/Middle East region, from 3.8 million trips in 1992 to 4.8 million trips in 1996 while Europe, Mexico and the Caribbean have

tended to reach a saturation point. The main USA tourist destinations in Asia are illustrated in Figure 12.1.1. Many previously little known Asian destinations, Central Asia or Eastern Europe, are becoming increasingly popular as the American traveler searches for new experiences.

Figure 12.1.1 Main Destinations in Asia of USA Tourists, 1996



Source: WTO

Among the factors likely to influence the strength and nature of travel demand over the next decade, the changing demography of the US population will probably be the most important. Between 1986 and 2000 the two age groups which today show the highest rate of travel (35-44 and 45-54) will increase rapidly in number, by 32 percent and 63 percent, respectively. This group will be in their peak earning and spending years during the 1990s, providing a significant impetus to increased travel. The proportion of elderly people will also increase with this segment, having the most time to travel.

Major geographic shifts in the population will also affect travel trends in the coming decade. Increasingly, the US population will be concentrated in the west and south of the country. The shift in population, to the west in particular, could help boost travel to destinations in Oceania and the Far East. China, for example, has already experienced a rapid growth in US tourist arrivals.

#### (4) U.S.A. Economic Conditions:

USA industrial output fell in July of 1998, the second month running, and was only 1.8 percent higher than a year earlier, the smallest 12-month increase since January 1996. However, economic fundamentals in the USA have been stable. Economists forecasts for GDP in 1998 and 1999 indicate are positive prospects reflecting current stable economic conditions in the USA.

	The Economist poll GDP forecasts		Unemployment % rate	
	1998	1999	Latest	year ago
USA	+3.3	+2.3	4.5	4.9

Source: Far Eastern Economic Review

Reflecting good economic conditions in the USA, a shift of tourists from neighboring countries to East Asia will be accelerated further.

**(5) France:**

The French holiday market is primarily a domestic one. The proportion of French adults taking an annual vacations of four or more nights is not much lower, at 58 percent, than the comparable figures for Germany or the UK (around 60 percent for each) but, while more than 60 percent of German and 35 percent of UK holiday trips are to destinations abroad, over 83 percent of the French stay in their own country for their holidays. However, the rate of growth of overseas holidaymaking has been more rapid than the domestic holiday trips in recent years.

A long-standing tradition of visiting friends or relatives during holiday times or, in more recent years, of staying at second homes, are two of the factors accounting for this emphasis in domestic travel.

Those who do travel abroad, however, have the reputation of being adventurous and are usually eager to learn as much about the countries they visit as possible, particularly as far as cultural attractions are concerned. As a result, multi-stop round trips have become increasingly popular, notably for long haul holidays. There has, in particular, been strong growth in travel to Asia, particularly to India, and Thailand.

While the French tend to have a preference for making their own holiday arrangements, and have a general dislike for group travel or package arrangements, the arrival in recent years of the modular or do-it-yourself holiday package concept from wholesalers such as Nouvelles Frontiers, has met with market acceptance, particularly in long haul segments where independent arrangements are more difficult to make. Jetours, for example is concentrating on long haul activity holidays, with an emphasis on long haul destinations.

**(6) Economic Conditions:**

As shown in the following GDP forecast of France in 1998 and 1999, recent economic conditions in France are stable except for a high unemployment rate.

	The Economist poll GDP forecasts		Unemployment % rate	
	1998	1999	Latest	year ago
France	+2.9	+2.8	11.8	12.6

Source: Far Eastern Economic Review

**(7) Germany:**

Germans are the most enthusiastic travelers, largely because of their geographical position in Europe and the ease of cross-border travel. In 1996, 78 million holidays abroad were taken by the Germans, the top five destinations for German holiday-makers being France, Spain, Austria, Italy and Poland within the Continental Europe. These accounted for 63 percent of foreign holidays in 1996.

Amongst long haul destinations (outside of Europe), the most popular is North America followed by the Far East. The majority of forecasts available indicate that the long haul segment will grow over the next few years at a faster rate than the majority of other tourist generating countries. Furthermore, German tourists appear to be becoming increasingly adventurous in the types of holidays they choose. Long haul travelers in particular are looking for more active or focused holidays than in the past including, for example, sports, study and culture tours.

While the annual percentage growth rates in overseas holiday travel as a whole are unlikely to match those of Japan, which started from a much lower base, forecasts nevertheless are for a substantial increase in holiday trips and expenditures over the next ten years. Although the percentage of the population travelling abroad has been fairly static over the last ten years (it still lags behind that of Sweden and Switzerland for example and offers a scope for growth) the bulk of any future growth is likely to come from additional holidays and a substantial increase in the long haul sector.

**(8) Economic Conditions:**

The Russian financial crisis may affect the economy over a long period. In addition, as the retail sales are showing minus growth over the previous year, individual consumption is low. The unemployment rate is also high, but unemployment among the young is not so high as other European countries.

	The Economist poll GDP forecasts		Unemployment % rate	
	1998	1999	Latest	year ago
Germany	+2.6	+2.8	10.9	11.6

Source: Far Eastern Economic Review

The GDP growth rate depends on the situation of financial crisis of Russia, to a certain degree. However, a major decline in the economy in the near future is not anticipated judging from stable fundamentals.

**(9) United Kingdom**

The UK is second only to Germany as a generator of overseas trips, and lies third behind Germany and the USA in terms of tourist expenditure. In 1996, some 42 million overseas holiday trips were taken compared to 37 million in 1992. Overseas holiday travel remains predominantly intra-European travel. Moreover, the bulk of long-haul travel is to North America.

There are five key characteristics of the UK holiday travel market.

1. The lower income groups are relatively less likely to take holidays, and those holidays that they take are predominantly within the UK.
2. In contrast, nearly all the professional and management groups take holidays, with the great majority taking their main holidays' abroad.
3. The elderly (over 60) are the other main group who take relatively few holidays, and take them mainly in the UK.
4. Regional differences in holidaymaking are generally modest but there is some relative concentration, especially in foreign holidays, in the more prosperous southeast.
5. Around 64 percent of all foreign holidays are on package tours in UK, while in other major European generating countries the bulk of travelers are independent. A small number of large tour operators have come to dominate the UK market and can offer large savings on airfares and hotel rates.

Although the share of long haul destinations is still relatively small, holiday trips to East Asia/Pacific increased 6.4 percent annually between 1992 and 1996. Travel to other long haul destinations showed little change between 1992 and 1996, but has also risen quite sharply since. Long haul travel is a competitive marketplace dominated by large operators but there

is still room for specialist tour operators to participate. The prospects for an increase in the long haul segment are considered to be good, particularly to the Far East. In the short term this growth is likely to be centered on already established destinations such as Thailand and Hong Kong but there is also increasing interest in the less well known destinations and in special interest activities.

**(10) Economic Conditions:**

The volume of UK retail sales jumped 0.8 percent. The 12-month rise was 3.0 percent, up from 2.1 percent in June. In addition, UK's annual rate of consumer-price inflation slowed to 3.5 percent. As these indicators show, the UK's current economic situation is stable and will continue to be so at least up to the 2000 year, according to many economists' comments.

	The Economist poll GDP forecasts		Unemployment % rate	
	1998	1999	Latest	year ago
UK	+2.2	+1.3	6.2	7.2

Source: Far Eastern Economic Review

**(11) Russian Federation:**

The Russian Federation has traditionally been a constrained market, with the emphasis on domestic or intra-regional travel.

Currently, however, social and economic changes, which are taking place in the Russian Federation, could lead to greater freedom to travel.

**(12) Economic Conditions:**

Russia's GDP slumped by 1.6 percent in July, leaving a 4.5 percent decline from a year earlier. Its trade surplus narrowed to \$11.9 billion in June, less than half that of a year earlier.

	% of change of a year earlier			Latest 12 months, \$bn		Foreign reserves, \$bn	
	GDP	Industrial production	Consumer prices	Trade balance	Current account	Latest	Year ago
Russia	-4.5	-2.5	+4.2	+11.9	+3.3	11.2	20.4

Source: Far Eastern Economic Review

Russia's economic woes deepened in the week of August 19<sup>th</sup> as the sinking of the ruble helped push its stockmarket down by 16.6 percent.

This worsening of the economic condition of the Russian Federation not only affects leisure tourists but also business tourists. The number of business tourists to Mongolia, in particular to Erdenet, will be greatly affected due to the economic woes of Russia and the recent change in the operation of the Erdenet. Thus, current downward trends of frontier arrivals from Russia will continue.

**(13) China:**

Traditionally China has also been a constrained market due to its political system. However, the social and economic changes, which are taking place in China as part of the introduction of a market-economy, could lead to greater freedom to travel with the growth of GDP per capita.

### Economic Conditions:

	% change from a year earlier			Latest 12 months, \$bn		Foreign reserves, \$bn	
	GDP	Industrial Production	Consumer prices	Trade balance	Current account	Latest	Year ago
China	+6.8	+7.9	-1.3	+45.0	+24.6	140.9	120.9

Source: Far Eastern Economic Review

As the above economic indicators show, the current economic conditions in China are good though the other Asian countries are suffering from worse economic conditions. In addition, according to the forecasts by Goldman Sachs, GDP growths in 1998 and 1999 are 8.2 percent and 8.6 percent respectively.

These healthy factors of the economy will increase business tourists between China and Mongolia. In particular, business tourist traffic near the border area between Mongolia and China will increase in accordance with the increase of imports from China.

### 2) Comparison with Similar SIT Destinations in the Region

Tourism is in a highly competitive marketplace. Some 200 destinations are vying for the three major tourist-generating markets of East Asia, Europe and the Americas. Mongolia is classified as a SIT destination of a rather small and limited market base. Nepal and Inner Mongolia are also regarded as SIT destinations.

Mongolia's current position in the SIT market, as shown in Table 12.1.1, the number of frontier arrivals is comparatively lower than other neighboring SIT destinations.

Table 12.1.1 Comparison of Frontier Arrivals from Major Generating Countries

	1991		1992		1993		1994		1995	
	Mongolia	Nepal	Mongolia	Nepal	Mongolia	Nepal	Mongolia	Nepal	Mongolia	Nepal
USA	2,000	19,128	2,400	22,189	3,200	20,374	3,799	21,646	3,987	24,655
Japan	3,900	17,874	5,300	19,533	5,600	17,804	5,725	19,569	8,976	25,360
UK	1,500	24,968	1,200	26,942	1,300	23,479	1,994	22,504	1,752	26,768
France	0	18,106	0	22,669	800	16,975	1,091	18,638	1,523	19,208
Germany	1,700	19,897	2,100	23,887	2,200	32,006	2,560	44,530	3,502	33,971
Total	9,100	99,973	11,000	115,220	13,100	110,638	15,169	126,887	19,740	129,962

Source: WTO

The large difference in frontier arrivals between Mongolia and Nepal is mainly caused by the following:

- Disadvantages of Mongolia:
- Lack of world-class tourism resources (landmark scenic wonders, historical/cultural monuments, etc.)
- Poor tourist facilities (hotel, restaurant, museum, etc.)
- Poor infrastructure (road, air transport, telecommunication, etc.)
- Poor tourist service (service delivery – information, catering, guiding, etc.)
- Insufficient government support
- High air fare (e.g., one economy class return fare for Japan / Nepal costs US\$917, while that for Japan / Mongolia costs US\$1250)

### 3) Assumptions:

- Leisure tourists from major source markets are assumed to increase at a higher growth rate in

- the long term than the overall tourist growth, reflecting the recent general market trend. Leisure tourists from East Asia/Pacific are to increase at a moderate growth rate in the immediate term compared with the Americas and Europe, reflecting the Asian economic crisis;
- The growth rate of leisure tourist from Japan recorded about 32 percent annually between 1990 and 1997.
  - The following factors are considered to keep the modest growth rate even if considering the effect of financial crisis in Asia and economic downturn in Japan:
    - The high proportion of repeat visitors to Mongolia among Japanese tourists
    - Familiarity of Mongolia among the Japanese
    - Short distance between Japan and Mongolia
    - Decline of package tour price due to the competition in market and government policy.
    - High growth rate in the past
  - Business tourists are generally to increase in accordance with the development of the GDP in Mongolia. The GDP growth rate in Mongolia is to follow a similar pattern with the East or Central Europe. Business tourists from China is to increase at a higher rate in the immediate term reflecting its stable economic growth, while those from Russia will decrease in the immediate term reflecting its financial crisis, but in the longer term the number will rebound somewhat;
  - Mongolia is currently an exclusive destination for SIT market; thus it is less likely to be influenced by the economic conditions of tourist source markets. However, the Mongolian government will make an effort to transform Mongolia from the current SIT market destination of a very small and limited market base to a mixed destination that appeals to a much larger market place.
  - All programs and projects recommended in the Study are to be implemented (such as institutional measures, infrastructure development, service level upgrading, etc.). However, allowing for the lead time in program/project introduction (bilateral government negotiation and contracting), the programs and projects are to commence implementation from the year 2000. Therefore, the effects of the programs and projects are not reflected for the projections of the year 1999.
  - Mongolian government does not disturb the function of market in tourism industry.
  - At present, Europe and the Americas maintained their position of leadership in international tourism in 1996, together accounting for over 78 percent of tourist arrivals. But their shares have fallen over the past few decades. This trend is representative of the diversification of world tourism. This trend in world market affects the SIT market, e.g. Mongolia, Nepal, with positive results.
  - Tourism market conditions in Mongolia will be improved to achieve the same level of its near-by SIT market, Nepal or Inner Mongolia, through various measures of the Mongolian government and the private sector of the tourism industry in Mongolia.
  - Tourism related supply conditions in 2015, i.e. in infrastructure, air transportation capacity, marketing activity, etc., may attain the same level as Nepal in 1995. If Mongolia could realize this, the projected numbers presented here would be achieved in 2015 as described in the "with project" case.
  - Average length of stay are assumed to keep the same level as it is in the Europe and American market. However, average length of stay of Asia' and Japanese markets are assumed to decrease one or two nights considering the short distance between Mongolia and Asian countries and improvement of transportation in the future.



#### 4) Projections for 2015

Based on the above-mentioned characteristics of source markets, market constraints and opportunities, and assumptions, projections of the number of tourists and tourist-nights were made for two cases, "with project/program" case and "without project/program" case. The market targets in terms of frontier arrivals and tourist-nights by each markets to the year 2015 are shown in Appendix Table 12.1.1, 12.1.2, 12.1.3, 12.1.4 and are illustrated in Figure 12.1.4, 12.1.5, 12.1.6, 12.1.7. As shown in this Chapter, this assumption is in the side of conservative one, rather than optimistic one, considering actual effects of tourism development experienced elsewhere in the world, in order not to overstate the effects of priority programs and projects. Actual effects realized by the Programs and Projects could well be much higher than shown in this Chapter. In this report, the definition of "with" and "without Programs and Projects" is as follows:

##### **"Without Programs and Projects":**

This case holds true if various priority programs and projects proposed by JICA Study Team would not be implemented. However, this is by no means the "do nothing" case. Various investments to accommodate increase in demand following the past trend will have to be made, including construction of additional hotel rooms and ger camps, and increased international and domestic air services. If such investments are not done and the capacity of tourism sector in Mongolia stay stagnant, there will be little increase in the number of tourists visiting Mongolia. More specifically, the "without case" assumes the following:

- Various investments primarily by the private sector will be made in order to keep pace with the expected growth of tourist demand, in the expansion of accommodation capacity and the supply of tourism services personnel. (Detailed explanation in Chapter 14)
- No complete "Cooperative Air Policy" is adopted by the government. Thus no induced demand materializes. However, investment in air service expansion will be made to the extent not to hinder the natural demand increase.
- Promotion and marketing effort will be made in line with the past trend.

Thus the "Without" case is assumed to include all the future effort to expand the capacity of the tourism sector in Mongolia under the extension of current government policy. It should be repeated here that if no further effort is made, the number of tourists would be stagnant and would not reach projected numbers as shown in this report as for the "Without" case.

##### **"With Programs and Projects":**

In this case, proposed programs and projects by the JICA Study Team will be implemented on schedule. Thus, more tourists will be induced to visit Mongolia as a result.

##### **"With project/program" case:**

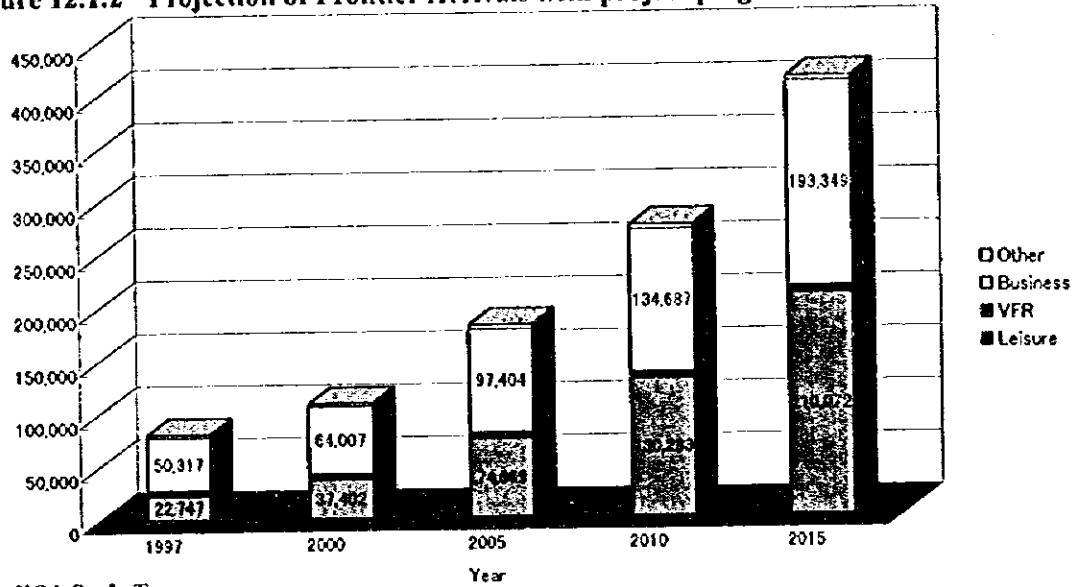
As Figure 12.1.2 shows, overall the number of frontier arrivals is projected to increase from 81,046 in 1997 to 414,593 in 2015 representing an average annual rate of growth of 9.5 percent.

However the difference of the growth rate of each generating source market reflects the characteristics of the generating source markets. East Asian countries are showing a steady but moderate growth rate to the year 2000 reflecting the financial crisis of the generating source markets. However, after that period, the growth rate of frontier arrivals, in particular leisure tourists, is expected to grow at the high rate of 10 percent annually between 2006 and 2015. In Japan, high growth rate is assumed to continue judging from the reasons described in "Assumption".

The growth rate of tourists from the Americas and Western Europe remains at a high rate to 2010.

Leisure tourist arrivals are projected to increase from 22,747 in 1997 to 210,072 in 2015, representing an average annual growth rate of 13.1 percent. While business tourists arrivals are projected to increase from 50,317 in 1997 to 193,349 in 2015, representing an average annual growth rate of only 7.8 percent.

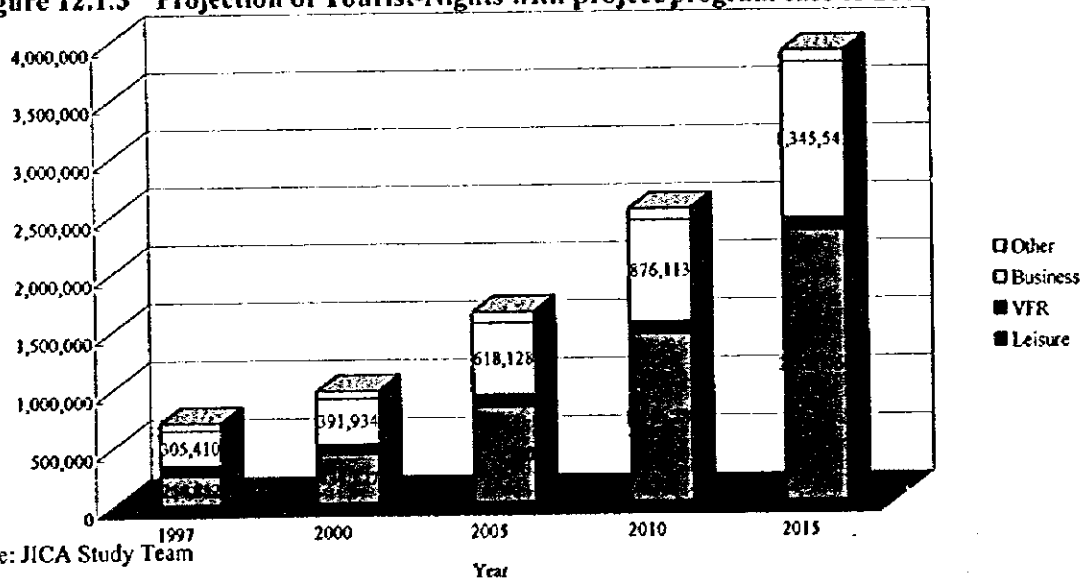
Figure 12.1.2 Projection of Frontier Arrivals with project/program case to 2015



Source: JICA Study Team

As Figure 12.1.3 shows, the number of Tourist-Nights of “with project/program” case is projected to increase from 707,103 in 1997 to 3,887,631 in 2015, representing an average annual rate of growth of 9.9 percent.

Figure 12.1.3 Projection of Tourist-Nights with project/program case to 2015



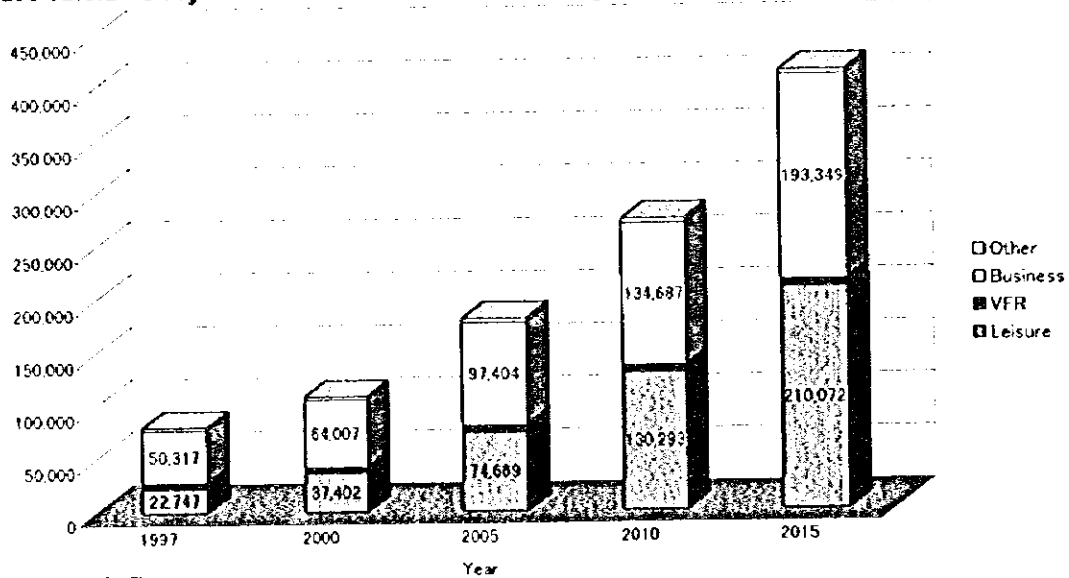
Source: JICA Study Team

In particular, the growth rate of tourist-nights of leisure tourists is high reflecting the large

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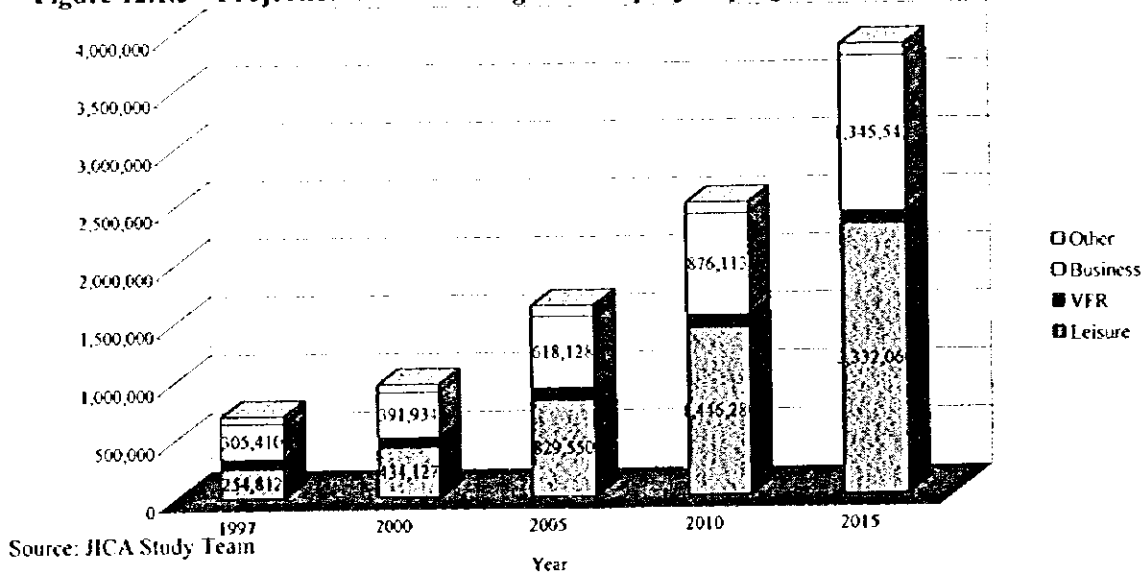
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Source: JICA Study Team

In particular, the growth rate of tourist-nights of leisure tourists is high reflecting the large

increase of leisure tourists, representing an average annual growth rate of 13.1 percent. Average length of stay of leisure tourists of Europe and Americas is assumed to remain as it is by 2015 considering the characteristics of Mongolia market for them, i.e. Mongolia destination is the only destination for them to come during their life. On the other hand, average length of stay of leisure tourists in Asia and Japan is assumed to decrease considering the short distance between Mongolia and Asia countries, and the improvement of transportation.

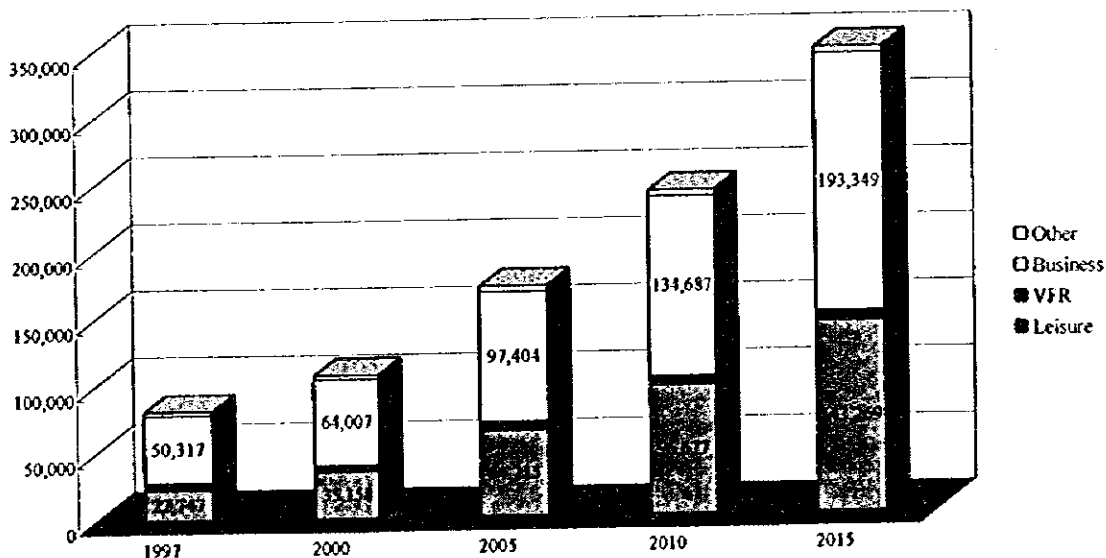
The number of tourist-nights of business tourist is projected to increase steadily reflecting the economic situation of Mongolia and major generating countries.

**“Without project/program” case:**

Projections of frontier arrivals “without project/program” case are shown on Figure 12.1.4. Overall the number of frontier arrivals is projected to increase from 81,046 in 1997 to 347,789 in 2015 representing an average annual rate of growth of 8.4 percent.

Difference of growth rate between “with project/program” case and “without project/program” case is only the difference of growth rate in leisure tourist arrivals. On the other hand, the growth rate of leisure tourist arrivals in “without project/program” case 10.8 percent. This difference of growth rate in leisure tourist arrivals is due to the effect of priority program and project that contribute the increase of leisure tourist arrivals. Thus, the growth rate of business, VFR, and other purpose visitor is the same as “with project/program” case.

**Figure 12.1.4 Projection of frontier arrivals to 2015 (without project/program case)**



Source: JICA Study Team

Without program and project case take a lower growth rate in leisure tourists than With program and project case under the assumptions (detail is explained at Chapter 14 and 20) and the above mentioned assumptions will not be implemented due to a variety of factors. If the priority programs/projects are not implemented, leisure tourists is projected to only increase from 22,747 in 1997 to 143,269 in 2015.

As Figure 12.1.5 shows, the number of Tourist-Nights of “without project/program” case is projected to increase from 707,103 in 1997 to 3,146,034 in 2015.

increase of leisure tourists, representing an average annual growth rate of 13.1 percent. Average length of stay of leisure tourists of Europe and Americas is assumed to remain as it is by 2015 considering the characteristics of Mongolia market for them, i.e. Mongolia destination is the only destination for them to come during their life. On the other hand, average length of stay of leisure tourists in Asia and Japan is assumed to decrease considering the short distance between Mongolia and Asia countries, and the improvement of transportation.

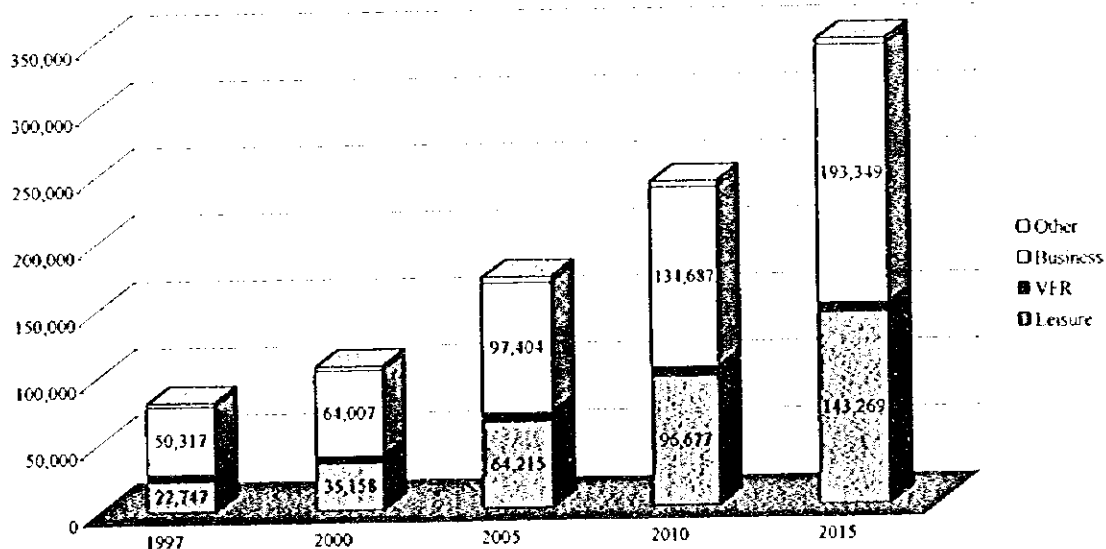
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**Figure 12.1.4 Projection of frontier arrivals to 2015 (without project/program case)**

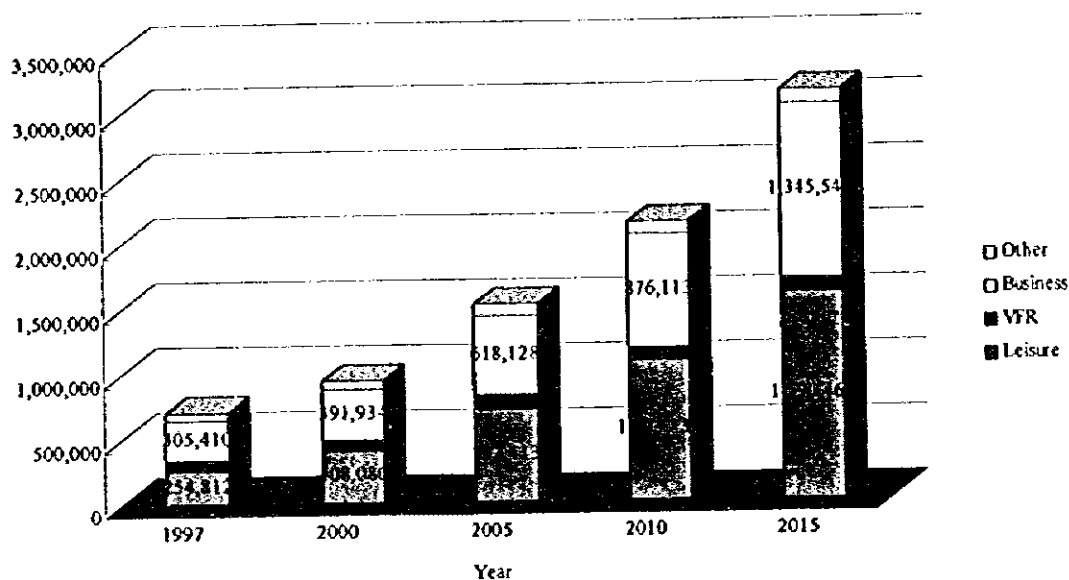


Source: JICA Study Team

Without program and project case take a lower growth rate in leisure tourists than With program and project case under the assumptions (detail is explained at Chapter 14 and 20) and the above mentioned assumptions will not be implemented due to a variety of factors. If the priority programs/projects are not implemented, leisure tourists is projected to only increase from 22,747 in 1997 to 143,269 in 2015.

As Figure 12.1.5 shows, the number of Tourist-Nights of “without project/program” case is projected to increase from 707,103 in 1997 to 3,146,034 in 2015.

Figure 12.1.5 Projection of Tourist-Nights without project/program case to 2015



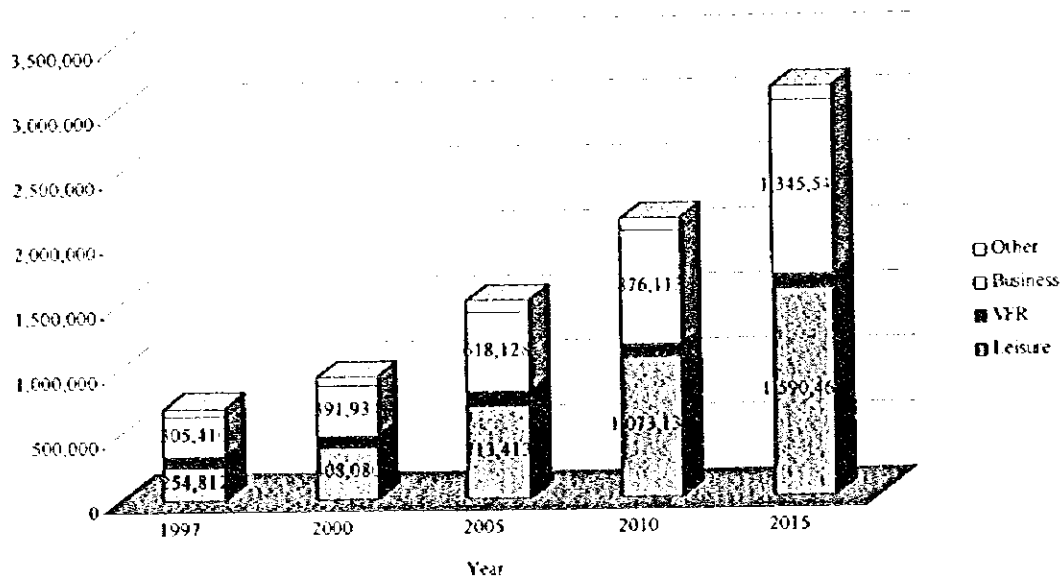
Source: JICA Study Team

The difference of Tourist-Nights between “with project/program” case and “without project / program” case is due to the only difference of growth rate of leisure tourists arrivals.

Tourist-Nights of leisure tourists are projected to increase from 254,812 in 1997 to 1,590,469 in 2015. On the other hand, in the case of “with project/program”, tourist-nights of leisure tourists are projected to increase to 2,332,066 in 2015.

It is quite difficult to make reliable projections of tourist arrivals and tourist-nights for the long run. When the present political and economic situation in the world is taken into account, this task seems an extremely difficult one. Under these circumstances, the “With program and project” is considered to represent more likely target figures for the long run in tourism development in Mongolia under the assumption that the “Master Plan” presented by JICA will be implemented on schedule by Mongolia.

Figure 12.1.5 Projection of Tourist-Nights without project/program case to 2015



Source: JICA Study Team

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## 13. COMPONENT PLANS

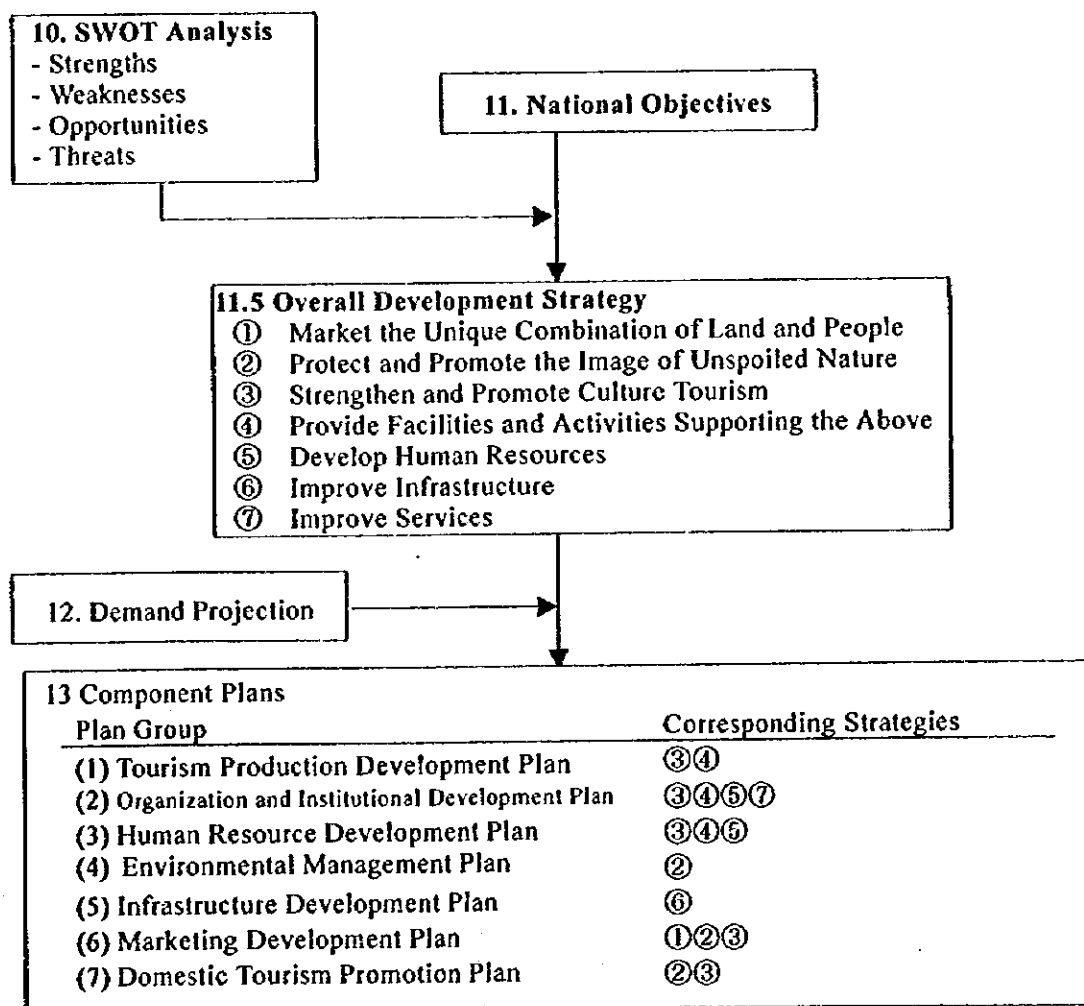
### 13.1 Plan Structure

The national tourism development plan is composed of the following sub-plans.

- 1) Tourism Product Development Plan
- 2) Organization and Institutional Development Plan
- 3) Human Resource Development Plan
- 4) Environmental Management Plan
- 5) Infrastructure Development Plan
- 6) Marketing Development Plan
- 7) Domestic Tourism Promotion Plan

These plans have been developed as the logical derivation from the aforementioned development structures, area priorities and demand projections. The process of individual plan formulation is illustrated in Figure 13.1.1.

Figure 13.1.1 Derivation of Plans





## **13.2 Tourism Product Development Plan**

### **13.2.1 Cultural Heritage Preservation and Promotion Plan**

Cultural assets and historical monuments in Mongolia are scattered throughout the country, yet the preservation and utilization of those are insufficient for the tourism development. The following activities are needed to make cultural and historical monuments useful for tourism and a systematic preservation and utilization should be taken.

- 1) To research monuments' history
- 2) To restore monuments
- 3) To improve their surroundings
- 4) To improve access roads and sign posting
- 5) To provide interpretation of the subject matter
- 6) To provide proper service for tourists on site
- 7) To provide tourist information

Improvement of existing museums in UB is also necessary. The development of interpretation devices and service facilities such as rest areas is the first step towards improvement. In addition to the improvement of the cultural facilities, it is essential to make a data-base of historical monument to preserve and promote the cultural heritage.

The Bogd Khan Museum, Chojjin Lama Museum, Fine Arts Museum, National History Museum, Natural History Museum are the most important among the Ulaanbaatar museums. First of all it is necessary to improve and develop the Bogd Khan Museum because the Museum:

1. attracts more tourist attention
2. preserves the rich architectural and cultural tradition
3. it is poorly preserved
4. it currently provides poor services

Although it is necessary to improve existing museums, it is also important to build a museum in order to show the nomadic culture and life of the herdsmen in detail, connecting them with ordinary life.

The ethnographic section of the National History Museum is small and inadequate even for Mongolians, many of whom have urbanized and have lost knowledge of traditional way of the nomadic life.

#### **1) Improvement of Bogd Khan Museum**

Since 1924, the Bogd Khan Temple and the Winter Palace, Where the VIII Bogd Javzandamba, the last Khaan, and the head of State and Religion of Mongolia had lived, has been used as a museum. Although it was repaired many times since, no serious repair has been conducted on the temples since 1961 and on the Winter Palace since 1973. Serious deterioration has affected the important part of the buildings, the wood parts, the brick walls enclosure, roads, and square and thus the buildings cannot currently be used as museums open to the public. The foundation, columns, and all woodwork of the two-storied. Winter Palace unstable, and treasures have lost color and luster due to dust, fungus, moisture, and general decay. Storage areas are needed for these potential museum treasures.

Additionally, the museum has no alarm system preventing theft or fire. Doors and windows

need reinforcing. The working premises for the museum workers are not suitable. Rest places, toilet facilities, and souvenir shops, needed for future tourists. The Lavrin temple and the arbor for the large bell are structurally unsound. The exterior paint has faded severely due to sun bleaching, and grass is growing on the roof of the buildings. Broken roof tiles have created roof leaks. The columns of the wooden fence enclosing the museum have become mushy and broken. It is necessary to rebuild a new fence for protection purposes.

The following is a proposed reconstruction improvement plan for the Bogd Khan Museum:

- to straighten out uneven walls of the temple
- to restore the exterior color and paint
- to restore the roof tiles and repair leaks
- to fully restore the building structure of the Winter Palace
- to restore display items kept in museum storage and to improve the museum display
- to install a security alarm system
- to rebuild the storage building and staff building
- to construct a service building for tourists
- to rebuild the fence

It is possible to reconstruct the administration building, which used to be behind the two white buildings where the administration buildings currently stand

## 2) Mongolian Culture Park

The people of the plateau of central Asia have long been engaged in the nomadic life, due to the peculiarity of the land. Their cultural development as herdsmen has emerged into urbanization, and their historical nomadic ways have begun to fade. Although many foreign and domestic tourists desire to become acquainted with the Mongolian original nomadic culture and life, there is no palace providing this type of information to tourists of Mongolia. The Mongolian Culture Park is not similar to the present National History Museum. The park must be closely connected with the nature and the real life of the nomadic Mongolians for visitors to be able to interact, making the museum more interesting. This museum/park for Mongolian nomadic culture should contain the following:

1. The museum will be connected with its surroundings.
2. The museum will show the nomadic culture and customs.
3. The museum will show the peculiarity of the nomads of the different areas of Mongolia.
4. Some parts of the Museum will be connected with real life.
5. The museum will be interactive.

When the Mongolian cultural museum is established, it will be advisable to organize it in the form of a camp, reflecting the peculiarity of nomadic Mongols settlements like the "Chare" (camp or circle) after their migration from one place to another. The main ger palace is where the chronicled sections, customs, and items will be installed within the circle. The real life of the nomads will be shown outside of the circle. For example, it will show the peculiarity of cattle-breeding, taming horses, the peculiarity of camel life, putting up ger, migration, caravan, and, how to prepare food and drinks. It will be an original museum connecting its activities with real life. The guides of the museum will be herdsmen, and tourists can talk freely to them. If a tourist would like the opportunity to build a ger and make milk products and ride a horse, they can. The museum will occupy a considerably large area and tourists can go by ox cart, camel cart, or horse cart, when they want to go from one end to another. Traditional handicrafts of the nomads will be displayed around the museum;

making felt, preparing ger wood framework, making goods from animal skins, dressing hides, making clothes, and fashioning boots. Tourists can buy the things they are interested in having as souvenirs. It is anticipated that tourists will spend a considerable amount of time to view and experience this museum. Snack places and Mongolian national food restaurants will therefore naturally succeed.

### 3) Harhorin Visitor Center at Erdenezuu

The historical and cultural monuments in the Harhorin area are sparsely located throughout the vast valley. Making it difficult to view them. Many monuments are underground. It can be impossible to see findings revealed by the scholars and scientists at their sites. It is therefore necessary to give tourists a good knowledge of the area and to provide other services for them.

The main service of the Harhorin Visitor Center at Erdenezuu is to introduce and provide information for the historical and cultural monuments. The appearance of States in the different historical periods in the Harhorin area, their establishment as well as the disputes between them, will be introduced in the following way:

- the natural and geographic peculiarity and the influence of the area around Harhorin
- the monuments related to life during the Neolithic period
- the monuments of the Hunnu time
- the ancient tombs and graves
- the monuments of the Turkish period
- the monuments of the Uighur period
- the monuments and city buildings of the period of the Great Mongolian Empire
- a graphical presentation of the site and of the Great Mongolian Empire
- the history of Abtai Sain Khaan and Undur Gegeen Zanabazar
- the history of the establishment and restoration of Erdenezuu

The Harhorin Visitor Center will have a resting area, toilet facilities, a teashop, and a souvenir shop. to Establishment of a Conservation and Protection Center for the control of the protection of the historical and cultural monuments in the area and the restoration of them is necessary.

### 4) Improvement of Erdenezuu Surroundings

During the destruction of monasteries between 1937-1938, the Erdenezuu monastery was damaged considerably, and some buildings were destroyed. Many lamas who lived at the monastery were frightened and escaped. Their fences and houses were destroyed. The Government, having recognized their mistake took the monastery under the State protection in 1944 and the monastery was repaired and became a museum in 1945. Then there remained the right, left and main Zuu temples, the two tombs of Abtai Sain Khaan and Tusheet Khaan Gombodorj, surrounding walls enclosure, the Ayush and Tsamba temples, the Dalai Lama temple and the two prayer wheel temples on its both sides. There also remained the Mother stupa on the left side of the three Zuus and the Regsengombo temple on their right side and the Nomon Khaan temple on their southwest side. Later in 1972 the Lavrin and Narkhajid temples and the Nogoos temple were restored. The construction of the new museum office and storage buildings began to be carried out and toilet for audience in the office building was planned. The people criticized the construction of new buildings through newspapers. The construction of the new buildings was completed, but the line of the toilet could not be done.

It is possible to restore the Zuun Zuu Sum, 2 tombs of the Tusheet Khaan Gombodorj and

Abtai Sain Khaan, the Altan Suvraga, the left and right gates, about 30 wall enclosures and stupas in the frame of the Government's Erdenezuu project with the budget of Tgs 262,1 million for 1996-2000. This project is successfully carried out. Some buildings, which were not included in the project, have deteriorated. They are

- the Regsengombo temple
- the Nomon khaan temple

Currently, there are no objects in them. They are now used only for storage.

The main things for the improvement of the Erdenezuu museum are as follows:

- To improve car parking lot
- To build path ways in the places where visitors always go
- To make the board with the museum plan and introduction
- To install benches at the suitable places for visitors
- To improve the museum storage and display
- To install an alarm system against fire and theft

The museum items were damaged to considerable extent. They will be restored. The items, which are kept in the storage, will be displayed in the temples. The storage items will be diversified and their preservation will be improved. The audience routes will be established carefully and roads will be built and benches will be installed along them.

#### **5) Upgrading of Other Museums**

The improvement in the explanation, display and service of the other museums of Ulaanbaatar should be carried out, museum by museum, by 2015:

- Fine Arts Museum
- Natural History Museum
- National History Museum
- Ulaanbaatar City Museum

The favorite sites of tourists are the Gandan Monastery and the 26.5 m tall Janraiseg. So a board with their introduction and explanation for tourists will be done according to the religious order.

#### **6) Administrative Structure and Enforcement**

It is necessary to establish a Service Unit for the preservation and conservation of the historical and cultural monuments in the structure of the Cultural Heritage Center. Controlling and improving the preservation and conservation of the historical and cultural monuments and their research in order to preserve the cultural heritage at the national level. The future priority of this organization is as follows:

- To preserve and conserve the tangible and intangible cultural heritages in Mongolia and to present them to the people,
- To popularize the cultural heritage created by the nomadic people to the Mongolian people and the world community,
- To provide the professional and methodological management to the organizations having a relation with the historical and cultural monuments,
- To determine the role of the cultural tourism in the development of tourism in Mongolia as well as to implement the Government policy on the cultural heritage and
- To be responsible for their registration and information, restoration and preservation and

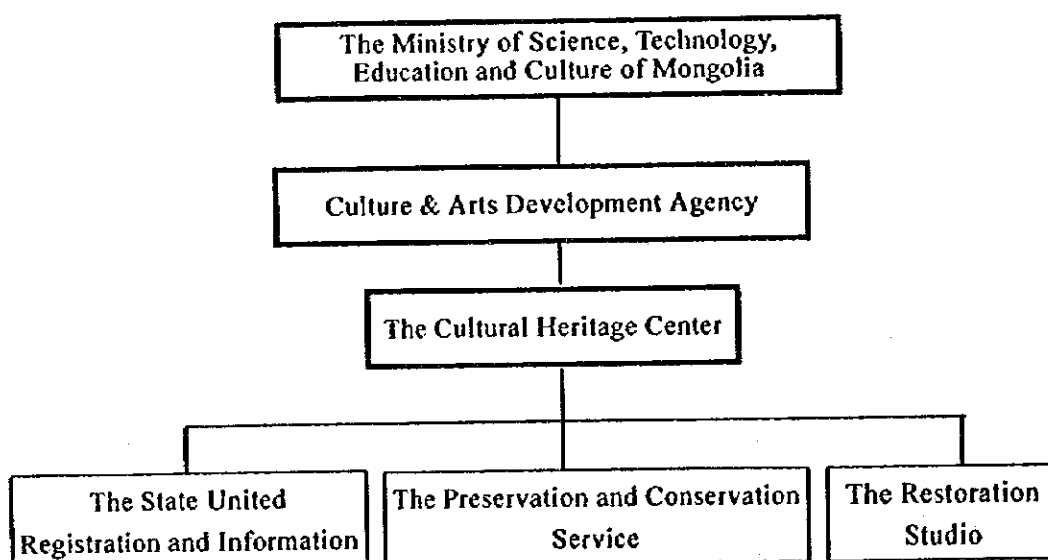
conservation.

With the future study and use of the cultural heritage in Mongolia it is necessary to have a responsible organization for the restoration and protection of them and to have its branches in the country in future. Proposed framework of this organization is shown in Figure 13.3.1. This demand now has increased. In particular, it is necessary for the areas which are rich in the historical and cultural monuments. Now a cultural worker of the office of the aimag Governor and the aimag museum of local lore are responsible for this activity and they take advice from Ulaanbaatar. For Ulaanbaatar it is not necessary to have such special unit. It is possible for the Cultural Heritage Center to be responsible for the monuments in this area. The Cultural Heritage Center is responsible for the preservation, conservation and restoration of the State museums and in cooperation with the Ministry of Science, Technology, Education and Culture carries out the activity on the research and restoration of the historical and cultural monuments around Ulaanbaatar.

It is very necessary for the Harhorin area to establish a unit. This area is rich in the historical and cultural monuments and it is important to carry out a wide range of research, restoration and use in future. Much work is planned including the research, study and the archeological excavation of the ruins of Harhorin city in the near future and the research and restoration of the monuments of the Turkish period and the completion of the restoration of the Erdene Zuu museum.

It is not necessary for the Omnogovi area to establish a branch unit at least for now. It is possible to improve the museum research work and to carry out the research and study. It is important for the Center in cooperation with professional organizations to carry out the research on the cultural heritage in this area and to enrich and improve the collection of the aimag museum and to involve it in the tourist route. The aimag museum of local lore is located in Dalanzadgad city (75 km from the Yollin Am). Its building and facilities are in bad conditions, but for its collection it is considerable good. A natural museum, a branch of the museum is in the Yollin Am. It is possible to improve and enlarge this branch museum.

**Figure 13.2.1 Future Organization for the Protection of the Cultural Heritage**



## 13.2.2 Community Participation

### 1) Participation Measures of the Nomads Community in Tourism Areas

The relative decline in the abilities of agricultural and livestock farms to generate sufficient income has caused many nomads to seek new sources of income, and has created diversification of the agriculture and stock farming activities. Rural tourism businesses have an important role in diversifying the income for farmers and thus strengthening and stabilizing the rural economic base especially where occupation in agriculture is declining.

Real income in agriculture has been in a relative decline and as a result many nomads began looking for alternative sources of income. This need for a new income source brings many rural settlements to turn to other types of activities including tourism as potential supplemental income.

The direct income received by the tourism business will be dispersed through many layers of transactions to all economic activities in the peripheral regions of Mongolia and help them overcome the crisis that the decline of agricultural activities have caused.

### 2) Food Materials Supply System Plan

#### (1) Financial Strengthen of Dairy Industry

There are two types of dairy suppliers in UB, public-private and private companies. Financial support systems such as an establishment of a dairy fund for the private sector can be done under the assistance of NGOs, or bilateral/multilateral assistance.

#### (2) Improvement of Dairy Product Quality

Both the public and private sectors do not have sufficient numbers of experienced dairy staff for producing Western cheese in Mongolia. Therefore, experienced foreign cheese-making professionals are to be invited, and Mongolian cheese workers are to be trained. This training course can be implemented under bilateral or multilateral international assistance. Also assistance in equipment installation is necessary. For the assistance of private sector, the fund described above can be used for installation.

In the area far from UB, i.e. the Omnogovi, there are few target groups or companies. Therefore establishment of nomads group is to be implemented. Cooperative associations or small companies is considered. To strengthen those groups, several measures such as holding seminars or inviting the experienced instructors, are to be operated.

#### (3) Establishment of Milk Collection System

Establishing a milk collection system is necessary within the dairy industry in order to provide foreign tourists with high quality dairy. Also there are few hotels or tourist ger camps where milk is served for tourists. Focused on tourists, tourist ger camps are important targets for establishing the milk network. These ger camps generally have a good relationship with nomads and a mean of transport, (4WD vehicles). Most nomads have surplus milk, but they do not convey it to the market. If the pasteurizing equipment is installed in tourist ger camps, camps may function as a key station of the transportation network. In order to realize this plan, financial assistance and technical training are to be provided. This support can be conducted under NGOs cooperation.

#### **(4) Improvement of Hygiene Education**

Seminars on hygiene education for production of farm products and processed goods are to be conducted for companies and nomad groups. The procurement of a hygienic certificate issued from Ministry of Health and Social Welfare to ensure the hygiene and quality controls will be required in future. Implementation and cooperation can be considered by MID, the Ministry of Health and Social Welfare, local government and international organizations. Implementation of this plan is aimed for the medium to long term beyond 2005.

### **3) Promotion Plan of Tourist Attractions**

#### **(1) Horse/Camel-Riding Instructors Training**

Foreign instructors are to be invited from OECD countries for the following purposes:

- to ensure safety control
- to learn teaching methods for instructor training
- vocational-training, and quality service methods

Implementation and cooperation regarding the establishment of said tourist attractions under bilateral or multilateral assistance will be done in cooperation with the MID, the Ministry of Agriculture and Industry, NGOs and international organizations, and is aimed at the short term to 2005.

#### **(2) Tourism Resources Development for the Nomadic Community**

New tourism attractions, e.g. felt making or other ger materials making, based on the traditional nomadic culture should be investigated on the possible tourism product development in cooperation with sociologists and anthropologists. Implementation term is considered for the short term to 2005.

### **4) Activation Plan of Souvenir Supply**

#### **(1) Creation of Handicraft Women Group**

It is proposed that handicraft groups be created aimed at nomadic women for improving existing handicraft quality and their development focusing on both foreign and domestic tourists. This group is to be established for the following purposes:

- to improve product design and development by use of natural resources and livestock products
- to ensure quality control
- to provide management consulting in planning, negotiating, marketing, accounting, order processing, materials control and packaging, in order to meet the needs of the tourists, and
- to train in advanced production technology

Implementation and cooperation of this group can be done under the assistance of MID, the Ministry of Health and Social Welfare, local government, NGOs or international organizations.

This organization should be implemented in the medium to long term beyond 2005.

### 13.2.3 Upgrading of the Tourism Products

#### 1) Development of Gateway Tourism in Ulaanbaatar

As the only gateway for international tourism in Mongolia, UB is recommended for facilitation of the following tourism project development.

##### (City center tourism project)

- Creating a tourist street and plaza as a tourist attraction
- Tourist trails for half day or one day excursions
- Delivering tourist information

##### (Tourism projects on the outskirts of UB)

- Theme Parks (Culture Park, Bird Park, Horse Park, etc.)
- Sporting facilities such as a ski resorts, golf courses, etc.

The tourist street, tourist trail development plans, and the theme park development plans are detailed in Chapter 19.

#### 2) Development of Sporting Activities

Developing the following sports activities can help create major attractions for Mongolian tourism. In addition to the existing activities such as horseback riding, new sporting activities should be developed in Mongolia. The following are potential activities:

	Short-term	Long-term
Sporting Activities on Land:	MBX	Hard trekking
Sporting Activities in the Mongolian Sky:	Hot air ballooning Para-gliding Hang-gliding	Sky-diving Airship
Sporting Activities on the Water:	Fishing Canoeing	Kayaking Rafting

#### 3) Train Tours

The following train tours are proposed by the Railway Agency under the Department of Roads and Transportation, within the Ministry of Infrastructure Development.

##### (Govi (Ulaan Uul) Tour)

This tour is organized to travel to the Govi places by using an international train between Ulaanbaatar and Beijing. It takes around 14 hours from Ulaanbaatar to Ulaan Uul near the Chinese border. The Railway Agency has a plan to construct a tourist camp by improving the existing facilities, water supply and electric facilities. Travelers can enjoy the beautiful night sky with the Milky Way, wild animals and a rest-zone near the lake.

##### (Baygal Lake Tour)

The tour is organized to travel to the Bayikgal Lake from Ulaanbaatar in association with



the Siberian Railway by using a special car for 10 travelers in first class comfort with a salon, shower and dining rooms. The tour is planned for 4 days with 3 staying in a sleeping car, including the locomotive travel of the section with 118km between Slyudyanka and Baikal port along the north side of the Baikal Lake. The travelers can enjoy the panoramic scenes of beautiful mountains, sail boats, and water-skiing.

The tour has been experienced mainly by Japanese government officials and tourists, once a month on average, during the period from May to August, in 1998.

**(Russian-Mongolian Border Tour)**

This tour is organized for travel to the beautiful mountain places of the Hangai, the northern part of Mongolia by using an international train between Ulaanbaatar and Irkutsk. Travelers can enjoy the panorama of the beautiful mountains and fishing in the rivers.

Among the above 3 alternatives, it is proposed that the Govi (Ulaan Uul) tour should be developed first, because the tourist demand is expected in consideration of tourism resources and accessibility of the site.

## **13.3 Organization and Institutional Development Plan**

### **13.3.1 Government Administration**

#### **1) National Tourism Council**

The National Tourism Council, headed by Minister of Infrastructure Development, aims at conducting more effective and coordinated operations of the tourism administration in the central government. The members are made up of directors from concerned ministries. However, in order to have more extensive power to promote and carry out projects promptly, it should be upgraded to the following members;

- (From public organizations)
  - Minister of Infrastructure Development
  - Minister of Finance
  - Minister of Education
  - Minister of Foreign Affair
  - Minister of Nature & Environment
  - State Secretary of MID
  - Director of Tourism Department
  - President of MIAT ,
  - Director of National Tourism Organization
  - Governors of Ulaanbaatar city, Ovorkhangai Aimag and Omnogovi Aimag✳

✳Governors from these local areas should be included to have close relations to central government, because they are priority project areas selected by JICA to promote tourism by the year 2005.

- (From private organizations)
  - Chairman of Mongolian Tourism Association
  - Chairman of Mongolian Hotel Association

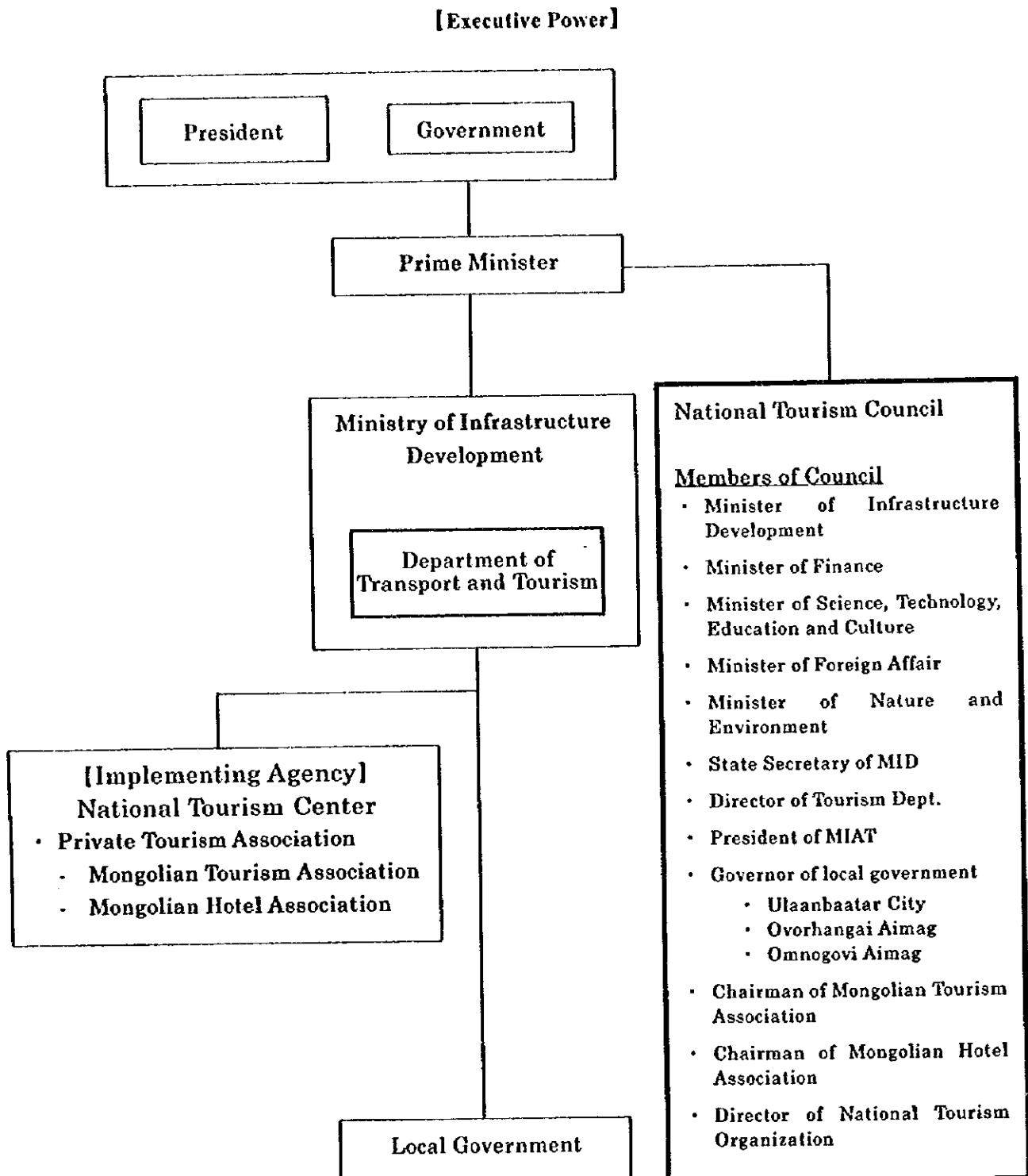
Wherever it is necessary, experts from other private sectors should be appointed by the decision of the chairman.

In addition, The National Tourism Council is recommended to be placed directly under the Prime Minister.

#### **2) Recommended Organization Chart for Tourism Administration**

Figure 13.3.1 shows the recommended organization chart for tourism administration including the National Tourism. As shown in the chart, the Department of Transport and Tourism positioned in the center of tourism administrative organizations shall be responsible for policy making functions. National Tourism Organization will work as an implementing agency to carry out policies.

Figure 13.3.1 Recommended Organization Chart for Tourism Administration



### **3) Reinforcement of local government organization for tourism and enhancement of department of Transport and Tourism leadership to local government**

In order to promote tourism industries nation-wide, local government organizations should be reinforced. With the birth of the Department of Transport and Tourism in local government, the Department Transport and Tourism in the central government should take stronger leadership than before. The Tourism Department in central government should give various supports to local government, giving the highest priority to training staff members.

### **4) Allocation of Sufficient Budget**

With the establishment of a national consensus that tourism is a high priority industry to contribute to national economic development, adequate funds for tourism development must be allocated in the national budget. At the same time Additionally, tax revenue should be increased created in order to cover the increased fund requirements.

The following taxes and fees should be considered as candidates of additional sources of revenue;

- Sales tax imposed on tourism agencies, hotels and restaurants
- Fees for licenses related to environmental programs
- Fees for hunting licenses
- Fees for land use licenses related to tourists' camps, hotels and restaurants
- Fines collected for tourist violations
- Fees for hotel ratings
- Fees for international restaurant ratings

### **5) Public Awareness Program**

- Publishing literature explaining the role of tourism in the national economy, the importance of tourism in cultural development and preservation, and the function of tourism relationships contributing to world peace efforts.
- Holding meetings at the local community level in order to educate and explain how tourism affects their economic situation both publicly and privately, about the situation of tourism, the relationship between tourism and their daily life, and improving tourist services., tourism and their economy and job opportunities, etc.
- Coordinating with Ministry of Education educational programs concerning the relationship between tourism and the economy, and the historical, cultural, and career benefits.
- Encouraging school trips to tourist sites, archeological and cultural sites.

In connection with the public awareness program, government should establish "Tourism Week" including a specified national tourism day to promote public understanding towards tourism development.

### **National Tourism Center (From TACIS Report)**

Because the current governmental institution support and control system within the tourism sector is separated by policy and control, separation of the government function into two, that is, function related to policy and control matters and function related to the implementation, is crucial and urgent .the TACIS team has been working on the issue of issue to correct the situation. establishing a NTC since its commencement. Following the TACIS Team's recommendations, the Tourism Department has determined the

organizational details of the proposed National Tourism Center.

Establishment of NTC was officially adopted by government but its organizational details are actually still under consideration and not finalized yet.

The following is the TACIS 's proposed plan on NTC issued in October 1998.

NTC is recommended to build up its detailed organization in accordance with the proposal.

### (1) Strengthening of NTC's Function

The objectives of strengthening NTC should be;

- to enhance the functions of implementing measures
- to aim at developing Mongolia into an internationally competitive tourist destination in accord with market demands and with the international tourism development trends
- to work closely with the private sectors and to involve them in the implementation of overall development strategy in the long term.

### (2) Strategic Tasks

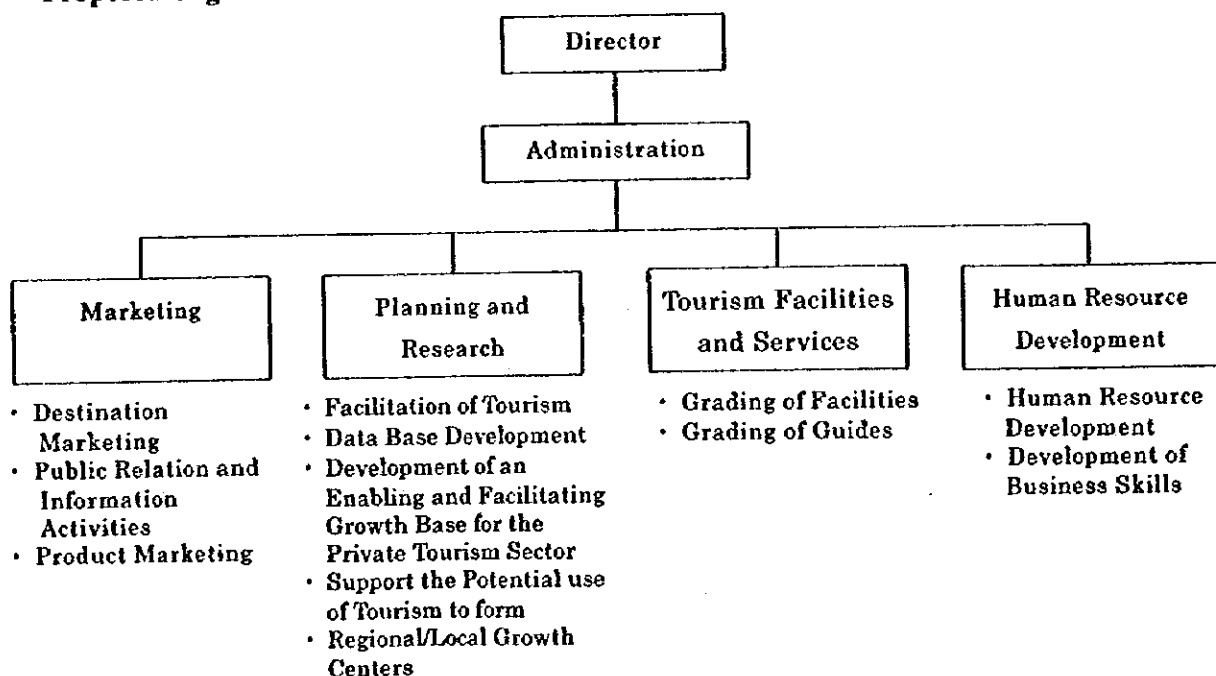
NTC shall implement the Government tourism policy through achievement of the following key strategic tasks:

- to create a Mongolian tourism destination image
- to create a professional and efficient tourism industry
- to develop an enabling and facilitating growth base for the private tourism sector
- to support the potential use of tourism to form regional/local growth centers

### (3) Organizational Structure

The organizational structure of NTC covering all the functions is outlined in the chart below (Proposed Organizational Structure for the NTC).

#### Proposed Organizational Structure for the NTC



### 13.3.2 Government Control Measures

#### 1) Land Use Control and Development Permit

The government has the obligation to control the land development and to keep orderly and effective land use. Tourism sector development should be under government control including land use planning, to minimize conflict with traditional land users, and to ensure that quarrying capacities of tourism destinations are adequate for sustainable development.

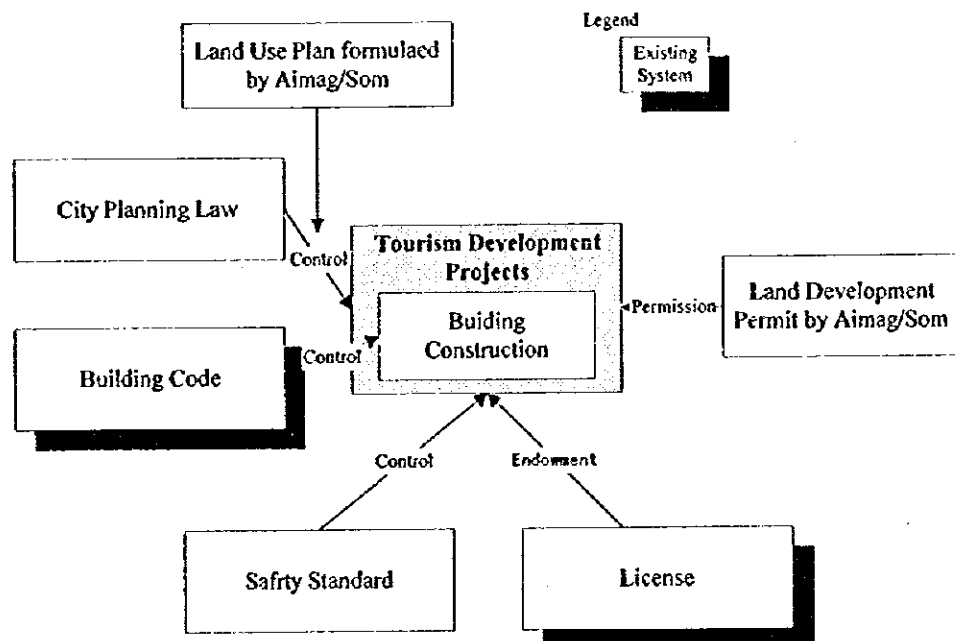
For that purpose, the government should have the appropriate measure to control the land development. City Planning Law and Building Code, for instance, could control the land development effectively. Building Code is already available in UB, however, the City Planning Law has not been enacted yet in Mongolia. The City Planning Law should be prepared to control the land use especially for the urban land use in UB.

In addition to that, the land development permission system should be developed. Any land development project of certain size should be appropriately examined by the land development permission system of Aimag or Sum. In line with the stipulation of land development permission system and the land use plan, formulated by the local government, every land development projects should be examined for the permission.

Concurrently, those development projects are naturally requested to pass the safety standard of relevant organization and acquire the managing licensing form the Tourism Department or NTO.

The flowchart below presents the schematic idea for the development control of land development projects.

**Schematic Flowchart for the Control Measure of Land Use Control**



#### 2) Introducing Licensing Systems and Safety Standards

Licensing systems and safety standards created by the National Tourism Center should be

introduced to tourism attractions requiring safety standards, such as horseback riding, and sky-sports, in order to supervise or to control their activities. The purposes for licensing system are:

- to establish safety standards for tourist activities
- to improve the quality and service of tourist attractions
- to ensure sound development of the tourism enterprises
- to gain revenue from enterprises commissioned or taxed by license issuers

When a licensing system is introduced, the following should be executed in terms of safety standards;

- introduction of qualified instructors and instructor manuals by concerned authorities
- arrange for proper equipment and tools
- establish liability insurance
- establish emergency system to cope with accidents

### 13.3.3 Private Sector Association

#### 1) Hotels

Currently the Mongolian Hotels Association (MHA) has been organized as a non-governmental organization since May, 1997. The association has ten registered members, (nine established hotels and Institute of Tourism Management-ITM), and is collaborating with governmental organizations such as DOT, UB Municipality and NGO such as the Mongolian Tourism Association (MTA) and Mongolian Cook Association. For further institutional development of MHA, the following is recommended:

- Closer collaboration with DOT and MNTTO for MHA and its registered hotels for exposure in the international tourism markets,
- Joining the DOT, MNTTO official tourism delegation to world tourism source markets, participation in important travel fairs and trade shows overseas, having MHA's hotel pamphlets and guides distributed at MNTTO's overseas offices,
- Collaborating with Mongolian Tourism Association (MTA) to pave the way for effective transactions between ground tour operators, such as blocking rooms for groups during the core tourist season (organizing timing to review and release rooms without any penalty charged, etc.), and in enhancing the hotel service quality in general,
- Maintaining competitive room rates, without DOT or MHA control,
- developing functions of MHA to be more substantial in such areas as:
- Registering hotels in MHA to strengthen its foundations, meanwhile forging merits (e.g. under-mentioned two cases) for them to join. And offering incentives for them to join,
- Improving hotel service quality by offering seminars and training on the basis of allied Mongolian hotel industry with MHA leadership,
- Making contacts with overseas hotel associations for MHA exposure and any possible technical program exchange, and with well-known hotel guide publishers such as "Hotel Index" or "Official Hotel Guide" so as to have MHA member-hotels to be indicated (currently there are no Mongolian hotels listed).

#### 2) Ground (Land) Operators

To strengthen MTA's foundations and activities, the following are recommended:

- increase the number of MTA registered members, meanwhile proving more merits and

- offering incentives for them to join by activities shown hereunder.
- doing positive and substantial collaborate with the DOT to reflect MTA members' opinions, views and judgements regarding DOT policies and practices,
- enhance supply-levels of the Mongolian ground (land) operators, being supported by proper tourism regulations, ordinances and laws,
- closer collaboration with DOT and MNTTO such as joining DOT, MOT official Mongolia tourism delegation to the world tourism source markets, and to participate in major travel fairs and trade shows for greater international exposure.
- reflect registered MTA members' ideas and suggestions regarding promotional schemes of MNTTO overseas office.
- working closely with DOT to set up UB Tourism Promotion Section (UBTPS) in UB Municipality, and having UBTPS join MTA as the "Gateway-tourism City" member and winning possible UB government's "tourism subsidies" to MTA.
- working closely with DOT to have MIAT and Mongolian Railway join MTA as registered member, and broadening dialogues with the Mongolia's two major air and ground traffic principals, such as in exploitation of new tour products.
- broadening contacts and dialogues with overseas travel associations as JATA to exchange tourism-related programs and views to keep MTA members on international travel-trade business standard, and keeping MTA members posted with the latest tourism-related information inside and outside Mongolia.

### 3) Restaurants

Currently no particular "Restaurant Association" has been established. However, MHA has plans to invite local restaurants to enroll in MHA membership. The following should be done by the MHA to initiate institutional development on the part of restaurants. both inside and local hotels).

- Providing membership medallions which are to be displayed for full public view in qualified restaurants following MHA standards such as spaciousness, decor, cleanliness, hospitable food and beverage catering services, menu variations, food quality, consistent billing, foreign language assistance, credit card acceptance, etc.
- improving service quality by awarding chefs, catering personnel by employer restaurant's recommendations and by MHA judgement every three or four months (displaying their photo in the MHA bulletin, at their restaurant entrance, or providing , donated by sponsors).

### 13.3.4 Investment Promotion

#### 1) Incentives

##### (1) Encouragement of Incentives for Foreign Investment in Tourism

Based on the idea that the tourism industry can obtain will have occasion to use foreign currencies same as the business entities obtaining foreign currencies by exporting goods, the following incentive plans for tax preferences should be applied to foreign investment, in connection with article 20 of the current foreign investment law;

##### **Incentives**

Tourism business entities described below shall be entitled to an income tax exemption



for 3 years and 50% tax relief in the immediately following 3 years if their income from foreign revenues occupy more than 50% in total incomes.

### **Tourism Business Entities Entitled Tax Preference**

- Hotels classified above 4 stars in Classification Grading and Requirements of Hotels authorized by National Tourism Organization
- Restaurants classified International grade by NTC
- Souvenir shops for international tourists
- Amusement businesses such as skiing facilities and horseback riding schools

### **(2) Other Encouragement and Preferences to Tourism Industries**

Tax preference reducing income tax equal to the amount of the reinvestment shall be provided to tourism agencies and hotels for the following activities;

- restoration of historic sites, items of culture in decay
- restoration of nature to its original state
- rendering of winter tourism services

Especially the following incentives to the project to promote winter tourism services should be recommended;

- Income tax shall be exempted for 5 years and 50% tax relief in the immediately following 5 years
- Tax exemption period is applied from November to April every year.
- All items in connection with import of equipment and machinery shall be tax exempted for winter amusement business such as skiing and ice skating facility.
- National Tourism Council should give an award to tourism business entity who creates the best winter tourism services every year.

## **2) Marketing**

### **(1) Marketing Activity in Foreign Countries**

The following promotional activities to invite foreign investments to Mongolia are recommended;

- to hold business seminar on foreign investment to Mongolia every year at the Mongolian embassy or NTC's overseas offices
- to participate in travel fairs held overseas and exhibitions
- to produce promotional & PR materials on foreign investment and its deliveries
- to offer foreign investment proposals through the Internet information services
- to maintain close relations with the major world travel organizations such as WTO, JATA (Japan Association of Travel Agents), EATA (East Asia Travel Association), PATA (Pacific Asia Travel Association) to get information

### **(2) Investment Promotion in Tourism Promoting Area**

Mongolian tourism development should be promoted first in selected tourism zones. To accelerate the tourism promotion in the selected tourism zones, investment incentives are recommended to be specified to call for FDI and to accelerate tourism development.

### 13.3.5 Technical Assistance

It is recommended to request technical assistance from the international aid organizations, foreign governments, NGO, etc. in order to realize the projects and programs proposed by this Study. Major technical assistance projects made by international aid organizations, foreign governments, and NGO for the Mongolian tourism development are summarized in Table 13.3.1. In addition to the continuous management of this kind of technical assistance from abroad, new technical assistance as shown in Table 13.3.2 will assist Mongolian government for the enhancement of the implementation of organizations and human resources.

**Table 13.3.1 Major Technical Assistance to Mongolian Tourism Development**

Organization	Duration	Major work	
International Cooperation Organization	UNESCO	1996-	Research of historical heritage of Harhorin
	WWF	1992-	Development of the protected areas system
	UNDP	1989	National Tourism Plan
	WTO	1989	ditto
	ESCAP	1997	Seminar on sustainable tourism development in Mongolia
Foreign Cooperation Agency	JICA	March 1998 – May 1999	The Master Plan on National Tourism Development in Mongolia
	TACIS	January 1998 – June 1999	Development of Tourism for Mongolia
	GTZ	1995 - 2005	Management plan of three national parks
	DANIDA	1993	Study on nature conservation through development of tourism
	TICA	1997-	Research and preservation plan of old Turkish monument in Harhorin area
Private Cooperation Organization	Japanese NGO	1995-	- Renovation plan of Bogdhaan Palace Museum - Data base development of historical monuments and relics in Mongolia

**Table 13.3.2 Technical Assistance Scheme to be applied for Realization of the Projects/Programs**

	Type of cooperation	Applicable project/program	Menu of cooperation
1	Technical cooperation	Upgrading of tourism vocational school	Experts dispatch Personal training Equipment furnishing
2	Expert dispatch	Overall supporting for the project/program realization	Long term basis dispatch
3	Detailed design study	Projects applicable for OECF soft loan	Detailed design Counterpart training Technical transfer seminar

## **13.4 Human Resource Development Plan**

The following divisions are usually considered a model between vocational education and higher education.

- Vocational education aims to offer practical training, while higher education emphasizes theoretical education.
- Vocational education offers shorter-term courses than higher education and can be used for re-training of current workers in the tourism industry. Higher education usually lasts for more than three years and aims to produce managerial staff.

As stated in the previous section, these divisions are not clear in the current Mongolian education. Both levels may co-exist within the same institute and some universities have ad-hoc vocational courses.

### **13.4.1 Strengthen Vocational Education in Tourism**

#### **1) Expand Courses for Cooks and Waiters**

In such tourism advanced countries as Switzerland and Spain, vocational schools play a major role in tourism education. Setting up vocational schools or expanding the current courses is necessary to provide hotel/restaurant operation staff with training. According to our survey, the current number of cooks and waiters is 9 and 6.3 at hotels, and 3.7 and 3.4 at tourist camps - per 100 beds respectively. With the increase of leisure tourists, there will be a deficit of approximately 1,000 cooks and 800 waiters will be in short supply at hotels and tourist camps in the year 2015 unless current courses are expanded. The current courses should be expanded to train more students.

#### **2) Incorporate On-the-job Training**

On-the-job training and seminars should be carefully examined and expanded. Private sector should offer more opportunities for on-the-job training for students. In Mongolia, on-the job training is offered for a few weeks during summer. According to hearing from training instructors, one semester, which lasts for 20 weeks, is considered necessary for a meaningful effective training. Vocational schools in tourism advanced countries have sufficient and systematic on-the-job training. For instance, the Oriental Hotel Apprenticeship Program (OHAP) of Thailand offer 24-week courses for front office and housekeeping staff, and 48-week courses for restaurant and bar staff. OHAP emphasized practical training for operational staff, while theory is kept basic. International Hotel and Tourism Management School in Bangkok also offers a 21-week internship program. In addition, modernizing kitchen facilities will be beneficial. such as kitchen is also important.

#### **3) Establish a Guide Course**

A guide course may be established at a vocational level. ITM attempts to establish a three-year non-degree tour guide course with no more than 40 students in 1999 and such attempts should also be enhanced by other institutes to meet the standard requirements.

### **13.4.2 Strengthen Higher Education in Tourism**

#### **1) Invite Foreign Instructors**

Both public and private sectors do not have a sufficient number of experienced instructors and staff in Mongolia. Therefore, experienced foreign instructors are to be invited to Mongolia to train teachers. This can be conducted under bilateral or multilateral international assistance. Foreign instructors shall be invited to teach different subjects, such as tourism management, guide technique and foreign languages (especially Japanese and English). Short-term instructors should also be invited.

#### **2) Train Instructors in Tourism-Advanced Countries**

Mongolian instructors are to be trained in tourism-advanced countries. There are approximately 50 full-time instructors at universities. 4 to 5 instructors shall be trained in tourism advanced countries per year so that at least 50% of them will be trained in 5 years since this is the most urgent task. This can also be conducted under international assistance as TESIS conducts a teacher-training project and will accept 5 university instructors to several European countries for training.

#### **3) Expand International Education for Students**

Training and experience in tourism-advanced countries are to be provided for students. Scholarship both from public and private sectors should be expanded. There are approximately 750 students and 7 to 8 students are to study abroad per year after 2005 under bilateral or multilateral aides so that about 10 % of students will be trained abroad by 2015. Those who have been trained abroad will be potential candidates for future instructors.

#### **4) Update Training Materials**

Teaching materials should be modernized. Updated textbooks of tourism advanced countries can be used. Materials for instructors published by such international organizations as WTO and TACIS should also be introduced. This will be possible through the expansion of international education. Kitchen facility should be modernized, and language laboratory equipment should be introduced. Training institutes in Europe have sufficient training facilities. Ecole Hoteliere de Lausanne in Switzerland, for instance, has 4 restaurants, 1 bar, and 7 kitchens for practical training. This may be conducted under bilateral or multilateral assistance.

#### **5) Expansion and Establishment of Specific Training Courses**

This will be a task of the Tourism Education & Training Council when established. The tourism Department considers that rearrangement of courses is necessary in order to avoid unnecessary overlaps and introduce necessary subjects. A comprehensive guide course shall be established. Training institutes estimate that they will produce maximum 30 to 35 tour guides each year from the year 2000, if the exam is similar to Juulchin's, and that only about 500 tour guides by the year 2015 without expanding the current courses. Therefore, courses should be expanded in order to train at least half of the demand. It is also necessary to expand a course regarding sanitary standards that only Mongolian Technical University currently offers, especially for the production of dairy food. This is also important in order to incorporate nomadic products into tourism industry.

### **13.4.3 Strengthen Private Sector**

#### **1) Train Operational Personnel in the Private Sector**

Short-term vocational training should be provided for staff in small business in UB. This training can be conducted through such incentives as holding free classes, financial assistance or tax reduction.

#### **2) Train Managerial Personnel in the Private Sector**

There is a strong need for re-training, especially for managerial level personnel in private sector. Managers should be encouraged to take tourism management course and seminars either in Mongolia or abroad. Since sufficient in-service training can not be expected in Mongolia, a few managers are to be incorporated into international training programs at international universities, hotels, travel agencies and so forth. Private companies may invite tourism experts for staff training, as Juulchin invited JTB staff.

### **13.4.4 Strengthen Tourism Services in Countryside**

#### **1) Train Operational Staff in Countryside**

The current training is not constant and should be regularly held as well as be expanded. Ger camps should constantly send more staff to UB and receive more instructors from UB for training. Vocational institutes in UB should open and expand short-term skill-up courses for cooks and waiters, especially during off-season. This training can be conducted through such incentives as holding free classes, financial assistance or tax reduction. According to our survey at the training institute, private companies, and local governments, it is more feasible to expand the current courses rather than to establish a new school or course in countryside. However, in the long-term, setting up a training course at Harahorin University, for instance, and establishing a small training site in OmnoGovi area may be necessary for tour guide-re-training and student-on-the-job training. In the countryside of Darhan, a small private tourism school was established in 1997. Securing accommodation and transportation for instructors was crucial to establish the institute. This may also be possible through such incentives as financial assistance and tax reduction in other rural areas.

#### **2) Train Administrative Staff in Countryside**

Higher education is considered necessary for the training of at least one administrative staff in countryside since there is no administrative staff in any aimag dealing with tourism issues as an expert.

## **13.5 Environmental Management Plan**

### **13.5.1 Structure / Enforcement, Integration with Tourism**

The most difficult point in Mongolian environmental management is the extreme fragility of the ecosystems that evolved from the harsh environment. The capacity of the environment per an area is very limited. Therefore, broad dispersion of tourists should be considered for Mongolian sustainable development. Given that the whole country can be considered a protected area, tourist distribution and planning is recommended from the environmental point of view. Tourists are to be distributed countrywide so that each area has a relatively small impact as a result of tourism. The smaller impacts provide easier management and monitoring for the authority. And, the limitation of the tourist numbers in each destination can add more value to tourism because of the unique experience.

Based on Mongolian eco-tourism resources and tourism activities, appropriate management and monitoring needed are summarized in Table 13.5.1. And, the specific regulation, guidelines and management systems to be established for the management and the monitoring are summarized in Table 13.5.2. These systems are to strengthen the environment management structure not only for nature conservation but also for tourism management.

### **13.5.2 Needed Programs and Organization Set Up for the Programs.**

The programs assure realization of sustainable tourism development in line with the recommended strategies. The systems are identified and described, including projected outcomes, in Table 13.5.3.

National Wildlife, Fossils, Eco-tourism Safety and Nomadic Pasture Land Management Programs are to be developed and implemented for the sustainable development in Mongolia. The National Eco-tourism Circuit and National Bird Watching Circuit Programs that provide various models for experiencing Mongolian ecosystems with local cultures will distribute tourists countrywide. The strategy of the programs will also bring benefits to local communities countrywide. Nature conservation needs to be implemented across country borders because of the continuity of the ecosystems and the migration of wild species. At the same time, cross boarder tourism provides a unique experience for different culture and society in the continued ecosystems. The experience promotes tourism business as well. Therefore, international eco-tourism circuit programs need to be developed in collaboration with Russia, China, and possibly Kazakhstan.

The organizations that need to be established for implementation and control of these programs are summarized in Table 13.5.4. These organizations also serve to promote Mongolian (eco-) tourism business at the same time. The schematic diagram of organizational structure described in the tables is shown in Figure 13.5.1. MNE maintains primary control over Protected Areas. Laws and the drafted Ministerial decree on buffer zones regulate Buffer Zones. Development and activities that utilize resources in nomadic land, is to be managed with the program by the District Nomadic Land Management Board in compliance with environmental laws.

Table 13.5.1 Possible Tourism Activities, Their Potential Impacts, Management and Monitoring Needed.

Possible Tourism Activities	Potential Impacts	Needed Management	Needed Monitoring
Mountaineering, Mountain Trekking, Glacier walk, Camping, Mineral Stone collecting, Star watching	Aesthetic impact by solid waste, littering, Increase waste water. Soil compaction and increase of surface run-off and decrease of plant species by trampling soil.	Guidelines and criteria of Mongolian (eco-) tourism. In case of nomadic land, nomadic land management programs to assure community acceptance and benefits.	Monitoring Tourism activity for the evaluation of negative impacts.
Canoeing, White-water rafting, Scuba diving	Aesthetic impact.	Same as above.	Same as above.
Swamp walk, horse trekking in Swamp	Creation of drainages, soil compaction by trampling.	Same as above.	Same as above.
Wildlife Photo hunting, Participation to wildlife surveys, Wolf's hunt watching, Bird watching, Participatory bird senses survey, Butterfly hunting.	Ecological impacts of animals, Soil compaction and increase run-off by vehicular and human tracks, Aesthetic impacts by littering.	Systematic wildlife management based on scientific surveys. Guideline and criteria on the eco-tourism.	Population and ecology of wildlife.
Trophy hunting	same as above	Systematic wildlife management based on scientific surveys. Law enforcement on trade and/or illegal activities to fulfil CITES requirement.	Same as above.
Photo hunting, Camping, Horseback riding, Camel riding, Hot-air Balloon.	Impacts by waste water and solid waste. Soil compaction, increase surface run-off, erosion and decrease and/or changes of species composition by vehicular tracks and trampling.	Guidelines and criteria of eco-tourism. In case of nomadic land, nomadic land management programs to assure community acceptance and benefits.	Tourism activity monitoring (no. of tourists, amount of solid waste, wastewater, soil erosion, ecology of species, etc) for evaluation of negative impacts.
Game Fishing	Decrease of population and/or community. Soil compaction, changes of species composition by vehicles and people. Aesthetic impacts by solid waste.	Fish resources management program (fishing permit, permitted river/lakes, gears, etc). Guidelines and criteria of eco-tourism.	Monitoring tourism activities (no. of fishing tour in river, lake, fish catches, ecology of species, etc) for evaluation of negative impacts. Fish resource monitoring to evaluate fishing activities.
Fossil collecting, Participatory fossil exploration	Soil erosion, serious damage of scientifically important fossils, illegal fossil domestic and international trade	A management system for Mongolian fossils collection and trade. Guidelines/criteria and licensing of fossil exploration tours in eco-tourism guideline.	Monitoring tourism activities for evaluation of negative impacts on fossil collection tour and control of the trade.
Ger home stays, Experiencing of nomadic life by horseback riding.	Socio-cultural impacts.	Guideline and criteria of eco-tourism.	Monitoring socio-cultural changes.
Historical/Archeological sites and monuments visitation	Aesthetic impacts.	Same as above.	Same as above.

Table 13.5.2 Mongolian Environmental Systems Management

System	Description	Outputs
1	Communities and local governments participation in management of environmental systems.	Community and local government participation to protected area management.
2	National criteria and guidelines system for eco-tourism.	Eco-tourism criteria and guidelines
3	Safety standard for eco-tourism operators.	Safety standard and procedure for eco-tourism.
4	National criteria on authorization (licensing) system for eco-tourism operator, ecological and socio-cultural interpreters, outdoor recreational activity instructors.	National license on skills for eco-tourism.
5	National criteria and registration system for fossil collection tour and international trade.	National license of fossil collection tour and registration of fossil trade.
6	Re-establishment of hunting zone for domestic and international hunters.	Re-set of hunting area.
7	Tax relaxation for certified eco-tourism operators and communities.	Tax relaxation for eco-tour
8	Guidelines on nomadic land for tourism utilization by recreational activities such as camping, firing, horseback and camel riding, cycling among others.	Guidelines for utilization in nomadic land
9	EIA enforcement system on projects in protected areas and their buffer	Implementation of EIA
10	Re-establishment of entrance, photo and video fee system for protected areas and museums	Relaxation of photo and video fees.



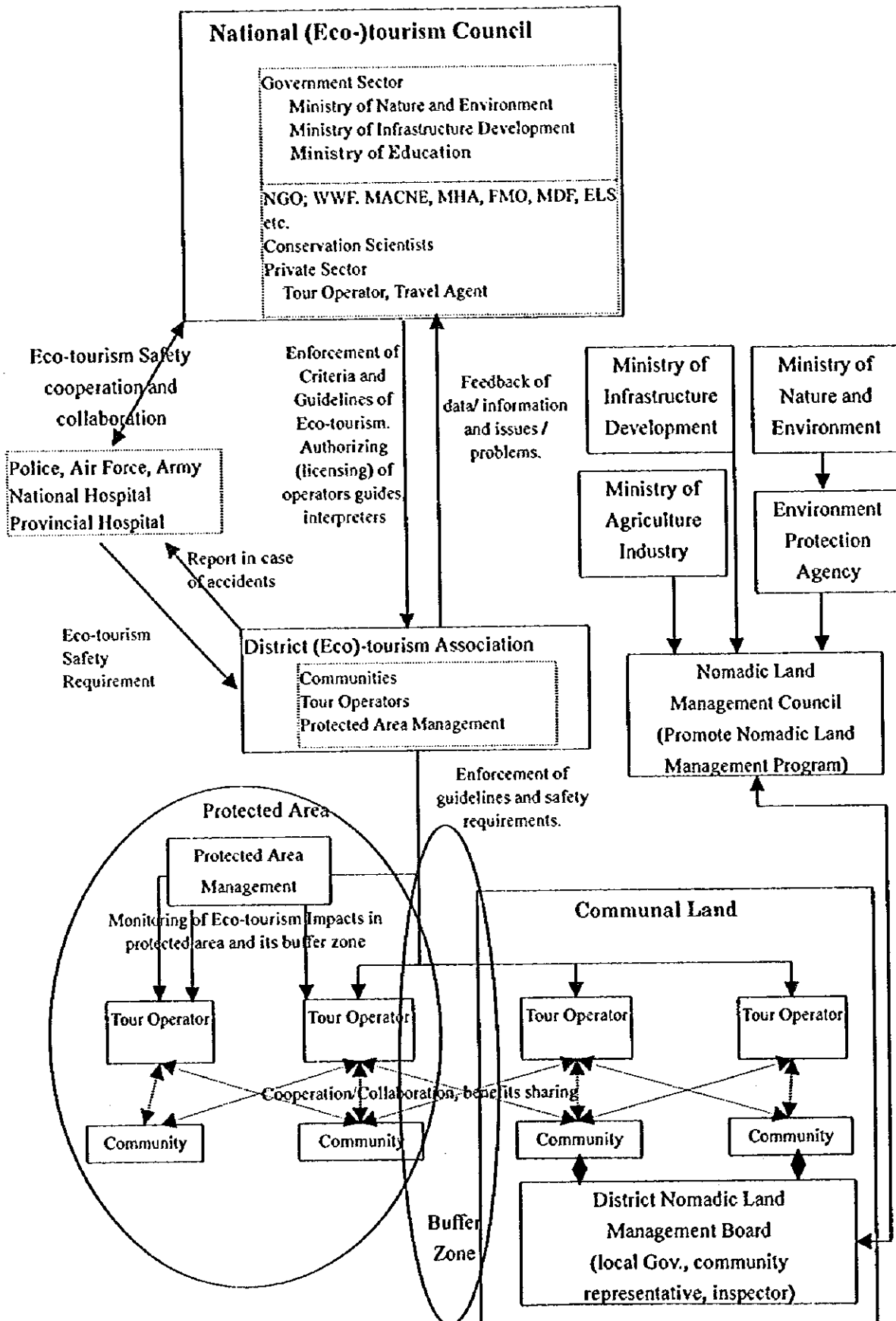
**Table 13.5.3 Strategic Programs Needed to Integrate Environment Management with the Eco-Tourism Including Nature Oriented Tourism**

Program Title	Program Description	Outputs
1 National Wildlife Management Program	In order to acquire international recognition on Mongolian wildlife utilization especially trophy hunting, commercial hunting, and other forms of utilization (photo, watching, etc), establish Systematic National Wildlife Management Program.	Internationally recognized sustainable utilization of wildlife.
2 National Fossil Management Program	Set the national criteria for fossil collection tour and fossil trade (what fossil can be collected and traded internationally) and give authorization to each fossils by certificates form authority for legal trade.	Fossil management system
3 National Eco-tourism Circuit Program	In tourists distribution strategy for the environment management in Mongolia, establish National Eco-tourism Circuit Program which provides experiences in major eco-systems of Mongolian such as desert, steppe, taiga, swamp, lake and river line with cultural heritages for within Mongolia.	Promotion of eco-tourism within Mongolia.
4 International Eco-tourism Circuit Programs collaborated with Russia, China, possibly Kazakhstan.	In order to conserve nature/wildlife through eco-tourism without country border, establish International Eco-tourism Circuit Programs with neighboring countries especially on Lake Hovsgol National Park, Altai Tavan Bogd National Park, Gobi Gurvan Sahihan National Park and Govi Baga Darkhoen Gozar Strictly Protected Area.	Promotion of eco-tourism beyond country border.
5 National Bird Watching Circuit Program	In order to provide a series of wild bird watching in various ecosystems such as swamp, river lines, lake, plain, forest, rocky mountain, desert, and grass land, select strategic sites and develop model visitation program based on duration of stay, season, tour cost and among others.	Promotion of wild bird watching tour in Mongolia.
6 Safety Management Program for eco-tourism and nature oriented tour.	In order to establish safety standards for eco-tour and nature-oriented tour especially remote areas where far from appropriate medication, establish national safety management program in each areas. The program include safety requirements (equipment, skills, etc) of eco-tours, and evacuation plan for emergency case in each areas.	Safety standard and procedures for eco-tourism
7 Nomadic Land Management Program for community people.	Create and give more incentives and responsibilities to traditional nomadic communities with appropriate guidelines, advises and consultations on the land use respecting the traditional nomadic right.	Socio-culturally accepted nomadic land management.
<b>Local</b>		
1 Local Eco-tourism Circuit Program	In order to promote local (eco-) tourism, develop a strategic tourism circuit program for each markets.	Promotion of local eco-tourism
2 Local Bird Watching Circuit Program	In order to promote local bird watching tour, develop a strategic bird watching circuit program.	Promotion of local bird watching tourism.

Table 13.5.4 Organizations to be Established for the Systematic Management in Environment Conservation and Eco-or Nature Oriented Tourism

Organization	Description	Outputs
Central		
1	National Eco-tourism Council consists of protected area management, tourism management, eco-tourism according to the strategy. Moreover, the council is to guarantee the quality of the eco-tourism in Mongolia. When serious negative impacts become prominent, the council is to direct and coordinate for scientific survey, policy and management for the conservation.	Guarantee the quality of eco-tourism according to the guideline and criteria.
2	National Eco-tourism Safety Management Body to secure the safety of eco-tourism in Mongolia.	Guarantee safety standards for the eco-tourism safety.
3	Nomadic Land Management Council consists of scientists, government representatives to promote nomadic land management program by communities.	Promote community involvement for environmental management.
Local		
1	District (Aimag or Som) Nomadic Land Management Board	Community management on natural resources in nomadic land.
2	District (Aimag or Som) Eco-tourism Association.	Community participation for and benefits sharing of tourism.

Figure 13.5.1 Schematic Diagram of Organizations for Environment Management



### **13.5.3 Surveys and Project for Environmental Management**

The specific surveys needed for the developments of the precise programs are described with their outputs in Table 13.5.5. The table also includes the study for needed wildlife information as illustrated in the wildlife check lists for the public and for tourists, which is one of the issues regarding information dissemination and public education to be solved.

The utilization of wildlife, especially regarding hunting has been an important part of the Mongolian culture. It would not be recognized internationally, however, as a sustainable sport due to the lack of scientific data. The utilization of natural resources including wildlife have been taking place not only in the protected area but also in the nomadic pasture land. Trophy hunting and commercial hunting takes in areas near to tourists destinations, which makes it difficult for tourists to watch the wildlife because the animals keep a distance from people. The management programs need to tackle these problems precisely. Therefore, the study/survey on wildlife, socio-culture, hunting need to be implemented for the development of the programs.

Impacts on the present eco-tourism or nature oriented tourism needs to be evaluated for the development of the environment management programs. The risks involve in the eco-tourism and/or nature oriented tourism are also to be carefully studied and surveyed for the development of safety standards and guidelines. In order to provide tourists with precise eco-tourism programs and to distribute tourists country wide throughout Mongolia, the evaluation is to be conducted for the development of National Eco-tourism Circuit Program.

The specific projects for the institutional strengthening in environmental management are described in Table 13.5.6.

UNDP, GTZ and MACNE assisted by the Dutch government have been implementing training of present human resources for the protected area and wildlife management either in Mongolia or overseas. A comprehensive training course/program of human resources for Protected Area (221), State Inspectors (394), and Rangers (544) is to be established and centered in the capital city with on-site satellite stations in cooperation with international assistance. The present training manual made by the UNDP Biodiversity Project needs to be revised according to the present Mongolian socio-cultural situation.

A training school that providing educational skills for ecological and cultural interpretation, as well as outdoor activity instruction (with respect to Mongolian culture), is necessary for eco- or nature oriented tourism development.

In order to manage natural environment/wildlife data more effectively and precisely, a training and Data Management Center for Nature and Wildlife Management needs to be established. The UNDP Biodiversity Project Phase I and Reintroduction of Przewalski Horse Project introduced GIS technology and equipment for protected area management. However, the nature/wildlife data center with recent wildlife management technology for more precise sustainable utilization of nature resources is needed to be established with international assistance.

UNDP proposed a similar concept project for GEF support previously, but due to the global importance of eastern steppe, the present phase II project was chosen. MNE and UNDP still regard the establishment of the facility with the above concept as a high priority project.

As a research and educational facility for Mongolian nature, the present Natural History Museum needs to upgrade the displays, explanations, and introduce more educational information on the

relationship between Mongolian culture and nature. Moreover, National Illustrated Checklist of Wildlife should be prepared for wide distribution to public as well as nature oriented tourists in Mongolia.

Bird watching tourism has a worldwide market and is one of the better examples of eco-tourism. Various wild birds can be found in Mongolia. Utilizing this wildlife resource is a reasonable starting point for the development and promotion of Mongolian eco-tourism, and the development of strategic sites centered by Wild Bird Conservation and Education Park in Ulanbaatar.

Table 13.5.5 Surveys Needed for Establishment of the Integrated Environment Management Programs

Survey	Description	Outputs	Priority
1 Development study/survey on Wildlife (flora and fauna) for establishment of National Wildlife Management Program in the viewpoint of sustainable utilization.	Survey on utilized wildlife by hunting and other activities, for development of national systematic management and monitoring program on wildlife.	Internationally recognized Mongolian Wildlife Management Program.	1
2 Development study/survey on impacts by eco-tourism, nature oriented tourism in protected areas and nomadic land.	Study/survey on tourism impacts in protected areas and the nomadic land for establishment of national systematic monitoring programs on tourism impacts.	Systematic Monitoring Programs on tourism impacts.	1
3 Socio-Cultural survey to establish National Nomadic Land Management Program.	Survey nomadic tradition and culture to develop nomadic land management program where nomadic communities have traditional nomadic rights especially on pasture land.	Nomadic Land Management Program based on culture and traditional society systems.	1
4 Development study/survey on National (Eco-) Tourism Safety Guideline and Procedures.	Study/survey on risk involvement with eco-tourism in various area for development of eco-tourism safety management guidelines and procedures of evacuation and life saving plan in each areas in case of serious accidents.	Eco-tourism safety guidelines and procedures.	2
5 Development study on National Eco-tourism Circuit Program categorized with length of stay, tour objective, approximate tour cost, among others.	Study/survey on eco-tourism markets for development of national eco-tourism circuit program based on length of stay, tour objectives (bird watching, animal watching, etc), tour cost and among others.	National Eco-tourism Circuit Programs.	2
6 Development study/survey for the production of National Illustrated Check List of Mongolian Alpine Plants, Birds, Mammals, Reptiles/Amphibians, Fishes and Insects	Study/survey on accumulated biological data and species status to produce appropriate illustrated check lists of Mongolian Alpine Plants, Birds, Mammals, Reptiles/Amphibians, Fishes and Insects for eco-tourist as well as public education on their conservation.	National Illustrated Checklist of Mongolian Wildlife.	1
7 Development study/survey on Re-establishment of Animal Hunting zone.	Study/survey on ecological impacts by hunting and chasing animals to re-establish hunting zone in order to mitigate animal behavior for easier photo hunting and animal watching tours and sound hunting program and guidelines.	Reset of hunting zone and sound hunting program and guidelines.	1

Table 13.5.6. Project Needed for the Strengthening and the Integration of Environment Management with Eco- or Nature Oriented Tourism

Project Title	Project Description	Outputs	Priority
1 Training course for protected area and environment management and eco-tourism for park rangers, eco-tourism guides, interpreters and communities.	To train present human resources for improvement of their skills in protected area management and eco-tourism, develop training course centered in Ulaanbaatar with satellite sites for practical on site training at Govi, Tereji National Parks and others. Revise the present training manual for adjusting present situation.	Train present human resources for eco-tourism.	1
2 Vocational school for eco-tourism guides, various interpreters, out door instructors.	To educate and train (eco-) tourism guides, various interpreters, instructors of various out door activities, develop a specific vocational school or a course for (eco-) tourism or nature oriented tourism.	Educate future human resources for eco-tourism.	2
3 Establishment of Training and Data Management Center for Nature Conservation	Establish data center for protected areas and wildlife such as number of entering personnel, entrance fee, accidents, wildlife population and their mortality, number of hunted animals and their age/size classification, with a training facility using the data.	Precise data and information management for nature conservation and eco-tourism, and skill development.	1
4 Production of informative brochures for protected areas, their ecosystems, biodiversity, management, communities and tourism.	Produce a material to inform domestic and foreign people on what nature Mongolia has and what conservation measures with not scientific but conventional words and visual information.	Positive information dissemination of Mongolian nature for eco-tourism.	1
5 National Illustrated Checklist of Alpine Plant, Wild Bird, Mammal, Reptile/Amphibian, Fish and Insect.	Informative and educational illustrated check list of Mongolian Alpine Plant, Wild Bird, Mammals, Reptile/Amphibian, Fish and Insect with essential ecological data such as distribution, breeding or flowering time and place, population status, migrating time and place of birds, etc. for eco-tourist as well as for public.	Positive information dissemination of Mongolian nature.	1
6 Practice of emergency evacuation plans for the case of emergency.	Implement practice on emergency plans in order to work smoothly when an actual accident happens.	Smooth implementation of evacuation plan in case of serious accidents.	2
7 National Bird Watching Circuit Sites cored by Wild Bird Conservation and Education Park in the capital city.	Develop national bird watching circuit sites in Mongolia to provide best strategic bird watching places in swamps, river line, lakes, rocky mountains, forest, steppe, desert for eco-tourists. Bird Watching and Education Park is to be core center for this circuit.	Series of wild bird watching sites.	2